



U.S. Small Business Administration

A Reference Guide to the SBA Disaster Loan Program

- *Disaster Preparedness*
 - *Disaster Assistance*
 - *Disaster Recovery*

Providing Help to Businesses, Homeowners and Renters

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Mission Statement

SBA's Office of Disaster Assistance's mission is to provide low-interest disaster loans to businesses of all sizes, private non-profit organizations, homeowners, and renters to repair or replace real estate, personal property, machinery and equipment, inventory and business assets that have been damaged or destroyed in a declared disaster; and to provide eligible small businesses necessary working capital to help overcome the economic injury of a declared disaster.

SBA's Office of Entrepreneurial Development (OED) is responsible for providing training and counseling to small businesses, through an extensive nationwide network of Resource Partners that include but are not limited to: Small Business Development Centers (SBDCs), Women's Business Centers (WBCs) and SCORE Counselors to America's Small Business.

The Office of Disaster Assistance has a long history of working with SBA's District Offices and Resource Partners to help small businesses prepare and recover from disasters.

Introduction

This guide is designed to summarize for the SBA District Offices and Resource Partners the SBA's disaster loan program for the purpose of promoting disaster preparedness, assistance and recovery. The guide serves as a resource for helping businesses access the disaster assistance program and apply for an SBA disaster loan.

- I. The Office of Disaster Assistance plays a critical role in assisting survivors of declared disasters. Disaster assistance has been part of SBA since its inception in 1953. In particular, SBA provides support with: **Disaster Preparedness**. SBA promotes disaster preparedness throughout the year. Getting a business up and running after a disaster may depend on how prepared that business is today. This guide provides a Disaster Preparedness checklist that District Offices and Resource Partners can use to help businesses plan and prepare for a wide range of emergencies and disasters.
- II. **Disaster Recovery**. SBA provides both immediate and long-term physical and economic recovery during a declared disaster, including:
 - **Financial Assistance**--The Office of Disaster Assistance makes low-interest loans directly to small businesses, private non-profit organizations, homeowners and renters.
 - **Technical Assistance**—SBA's network of District Offices and Resource Partners help businesses to prepare and recover from disasters through a wide range of business related training and counseling.

SBA stands ready to assist businesses with disaster preparedness, assistance and recovery. More information about the disaster assistance program is available at www.sba.gov/disaster.

I. Disaster Preparedness

SBA plays a key role in disaster preparedness. SBA presents information along with its federal partners and other organizations on the value of carefully making preparations in the event of a disaster. This is helpful to businesses, homeowners, and renters within the community. Small business owners invest a tremendous amount of time, money and resources to make their businesses successful. While the importance of disaster preparation may seem obvious, businesses may be putting disaster preparations on the back burner in the face of more immediate concerns. Prepared small business owners can mean staying in business following disaster.

The checklist on the next page can be used by Resource Partners and District Offices as part of training programs or counseling sessions to help businesses prepare for emergencies and disasters.

Disaster Preparedness Checklist for Small Businesses

Vital Questions and Suggestions for Small Businesses to Ensure Preparedness

- Do you have insurance and what does your policy cover? Repair or Replacement costs?
- Is your coverage adequate and do you have your policy in a safe place?
- Have you stored photos or videos of property?
- Are you able to readily access accounts receivable after a disaster?
- Do you have a list of your suppliers in a safe place or stored electronically?
- Do you have employee contact information available in case of an emergency?
- Coverage should include attached structures such as a garage, storage building or deck.
- Flood coverage and economic business interruption are normally separate policies.
- Know safe places to go at home, work and school (discuss with family and coworkers).
- Take weather related instructions seriously and timely, be alert to sirens and warning signs posted, and follow direction of the local authorities.
- Be safe and prepared in allowing time for crowded roads or alternate routes.
- Be aware of special rules on obtaining gasoline or water.

Helpful Websites

Some disaster preparedness websites to visit in advance:

- Small Business Administration - www.sba.gov
- Agility Recovery - www.preparemybusiness.org
- Ready.gov - www.ready.gov
- Disaster Assistance.gov - <http://www.disasterassistance.gov/>

II. Disaster Assistance and Recovery

This section contains information regarding SBA's process and programs for assisting small businesses during and after a disaster.

How Disasters Are Declared

All disaster incidents are generally handled by first responders on a state or local level. When the governor of a state determines the local resources are overwhelmed they will request additional assistance from the federal government. The following are declarations the Office of Disaster Assistance will respond to:

Presidential Declaration for Individual Assistance

The governor of a state requests the President for Individual Assistance. A Presidential declaration for Individual Assistance (IA) activates the FEMA Individuals and Households Grant Program (IHP) and automatically makes SBA loans available to businesses (including private non-profit organizations), homeowners, and renters with physical damages. Economic Injury Disaster Loans (EIDL) are made available for businesses, small agricultural cooperatives, small aquaculture enterprises, and most private non-profit organizations. IA disasters are declared by county, making residents in a named (primary) county eligible for FEMA and SBA assistance. Small businesses and most private non-profit organizations located in a county adjacent (contiguous) are eligible to apply for economic injury only.

Administrative (Agency) Declaration

A request for an SBA Administrative disaster declaration may be made by the governor to activate SBA's disaster loan program available for businesses of all sizes (including private non-profit organizations), homeowners and renters for physical damages. Economic injury loans are made available for small businesses and most private non-profit organizations of all sizes in the declared disaster area. Contiguous counties have the same eligibility under an Agency declaration. An SBA Agency declaration does not include FEMA (IA) programs.

Presidential Declaration for Public Assistance

The governor of a state requests the President for a Public Assistance (PA). Once approved by the President, SBA issues a declaration to make loans available for the physical damage and economic injury of private non-profit organizations that provide critical services of a governmental nature. There is no contiguous county eligibility.

Secretary of Agriculture Declaration

When the Secretary of Agriculture issues a disaster declaration, SBA also issues a declaration for the availability of economic injury loans to small businesses, including those engaged in aquaculture, most private, non-profit organizations, and agricultural cooperatives. Qualifying businesses in contiguous counties are eligible for economic injury loans.

Governor Certification Declaration

The governor requests a declaration from SBA based on a certification of damages in the area. SBA approves and issues a Governor's Certification declaration to make economic injury loans available to small businesses and most private, non-profit organizations of any size. Qualifying businesses in contiguous counties are eligible for the economic injury loans.

Secretary of Commerce

Interjurisdictional Fisheries Act of 1986, the Secretary of Commerce may make a determination that eligible small businesses have suffered substantial economic injury as a result of commercial fishery failures or fishery resource disasters. These declarations are issued under a Governor's Certification.

Military Reservist Declaration

The Military Reservist Economic Injury Disaster Loan (MREIDL) Program was authorized by Public Law 106-50. Working capital loans are available for eligible small businesses that are not able to meet their ordinary and necessary operating expenses because an "essential employee" is called up to active duty in their role as a military reservist due to a period of military conflict.

How Survivors Receive SBA Assistance in Disasters

Presidential Declaration for Individual Assistance

All survivors are encouraged to register with FEMA at (800) 621-FEMA (3362) or online at <http://www.disasterassistance.gov/>.

Survivors should also apply for SBA's disaster loan program assistance online at: <https://disasterloan.sba.gov/ela/> in person at a local recovery center or call 1-800-659-2955 to have an application mailed to them. It is not necessary to wait until insurance proceeds are received.

Home loan applicants and private non-profit organizations that SBA determines cannot afford a loan may be referred back to FEMA for additional grant consideration. This is possible only after eligible survivors submit an SBA loan application.

Small businesses, small agricultural cooperatives, and private non-profit organizations of any size may submit an SBA application to apply for physical damages. They, along with small aquaculture enterprises, may apply for working capital disaster loans to cover their economic injury losses even without physical damages. Qualified businesses in contiguous counties may only apply for economic injury disaster loans.

Administrative (Agency) Declarations

When the SBA Administrator issues an Administrative (Agency) declaration, survivors should apply for SBA's disaster loan program assistance online at: <https://disasterloan.sba.gov/ela/>, in person at a local recovery center, or call 1-800-659-2955 to have an application mailed. It is not necessary to wait until insurance proceeds are received.

Homeowners, renters and businesses in adjacent counties may apply for SBA disaster loans to assist with physical damages. Small businesses, small agricultural cooperatives, and most private non-profit organizations of any size, and small aquaculture enterprises may apply for working capital disaster loans to cover their economic injury losses even without physical damages.

Presidential Declaration for Public Assistance

Eligible private non-profit organizations of all sizes may submit an SBA business loan application for both physical damages and economic injury assistance after the President declares a major disaster declaration for Public Assistance (PA) and SBA's disaster loan program is activated. This applies to private, non-profit organizations that provide non-critical services of a governmental nature.

Examples of eligible non-critical private non-profit organizations include, but are not limited to: food kitchens, homeless shelters, museums, libraries, community centers, schools and colleges. Private non-profits that may be critical are referred to FEMA.

Secretary of Agriculture Declarations

Eligible businesses, agricultural cooperatives, small aquaculture entities and private, non-profit organizations that have suffered substantial economic injury as a result of the declared disaster may apply to SBA when SBA activates its Economic Injury Disaster Loan (EIDL) program after the Secretary of Agriculture designates an area an agricultural disaster. Physical damages are not eligible. Nurseries are eligible to apply in drought declarations only.

The filing deadline is eight months from the date of the declaration.

Governor's Certification

Small entities with economic injury in disaster areas as a result of a Governor's Certification may submit an SBA application for disaster assistance after SBA activates its Economic Injury Disaster Loan (EIDL) program to assist with this disaster. Disaster loans for physical damage are not available in this type of declaration.

The filing deadline is nine months from the date of the declaration.

Military Reservist Economic Injury Disaster Loans

When an eligible small business experiences financial difficulty as a result of an essential employee being called up for active duty as a Reservist or member of the National Guard due to a period of military conflict, the business may apply for an SBA Military Reservist Economic Injury Disaster Loan (MREIDL) for working capital.

The filing period begins on the date the essential employee receives a notice of expected call-up and ends one year after the essential employee is discharged or released from active duty.

SBA Disaster Recovery Outreach

Disasters usually happen suddenly with little to no notice and the effects can be devastating leaving survivors in a state of uncertainty. Getting accurate and informative disaster recovery information out to the public as soon as possible in the recovery process is very important. SBA plays a strong role in timely disaster recovery outreach. Public Affairs Specialists or Public Information Officers begin the process of reaching out to the media, officials and the public immediately after a disaster declaration. Resource Partners and other stakeholders familiar with the impacted neighborhoods use informative SBA disaster material in their offices. The Office of Disaster Assistance provides information to those seeking assistance as follows:

Fact Sheets

Fact sheets are posted on SBA's website under "Current Disaster Declaration Information" ([click here](#)) and distributed to stakeholders and other contacts. Fact sheets contain the declaration number specific to each incident along with the primary and contiguous counties. The fact sheets include the interest rates, deadlines, and other program information for declared disaster areas. They may be distributed electronically or in person by our Resource Partners to the affected community. Generic fact sheets listed on the SBA website under "Facts Sheets" ([click here](#)) are also available for use during non-disaster times.

Press Releases

Press releases are issued and posted on SBA's website under "Current Disaster Declaration Information" ([click here](#)) to inform the media and the community of available disaster assistance. These press releases are forwarded to stakeholders and other contacts. Secondary press releases are prepared and issued jointly with FEMA during Presidential declarations. Additional press releases may be issued indicating recovery center locations, declaration changes, milestones, deadlines or other pertinent information.

Flyers, Press Kits, Other Outreach Material

SBA has various flyers for businesses, private non-profits, homeowners, and renters designed to alert the community of help available. The press kits and outreach material contain current and generic information usually distributed to the media, Resource Partners, congressional offices and other stakeholders to keep them abreast of current SBA programs and procedures.

SBA outreach includes Banner ads that run on stakeholders' websites during a time of disaster. By clicking on an SBA Banner ad, which runs as a free Public Service Announcement, a disaster survivor is only two clicks away from going to the SBA website where they can apply online for an SBA disaster loan. Resource Partners can assist by running the Banner ads on their own website and encouraging other stakeholders to do the same.

How Resource Partners Assist in the Application Process

During times of federal disaster declarations, SBA Resource Partners assist SBA Office of Disaster Assistance (ODA) personnel in providing disaster loan application assistance. This assistance often comes in the form of providing information and assisting ODA field personnel as needed. The partnership continues in non-disaster times by issuing joint information on disaster preparedness. SBA remains in contact with Resource Partners to provide joint coverage in many forms for the business community.

In addition to the ODA staff, SBA Resource Partners provide outreach at meetings to businesses and stakeholders on SBA programs. Information is provided on disaster preparedness and assistance with recovery in the event of a disaster declaration. SBA Resource Partners provide information to businesses to inform them of resources, such as free mentoring, face-to-face counseling as well as low cost training available through their respective centers and chapters.

Disaster Loans 3-Step Process

1) Apply for a loan:

Apply: 1) online; 2) in-person at a disaster center; or 3) by mail. ***Applicants may apply for all SBA disasters online using the Electronic Loan Application (ELA) via SBA's secure website at <https://disasterloan.sba.gov/ela>, obtain a loan application by calling the SBA's Customer Service Center at 1-800-659-2955 the hearing impaired can call 1-800-877-8339, or by emailing SBA at disastercustomerservice@sba.gov or by downloading an application from SBA.GOV. ([Click Here](#))***

- A business of any size may be eligible for a loan up to \$2 million for physical damage. A small business, small agricultural cooperative, small business engaged in aquaculture, and most private non-profit organization may be eligible for a loan up to \$2 million for Economic Injury. A small business may apply for the maximum business loan (physical and EIDL) of \$2 million.
- A homeowner may be eligible for up to \$200,000 to repair/replace disaster-damaged primary residence. A homeowner or renter may be eligible for up to \$40,000 to repair/replace damaged personal property.

2) Property Verified and Loan Processing Decision Made

- SBA reviews the applicant's credit before conducting an onsite inspection to verify the disaster-damaged losses.
- An SBA verifier inspects the applicant's disaster damaged property to estimate the total physical losses.
- A loan officer will determine the full eligibility during processing, taking into consideration any insurance or other recoveries. The insurance recovery does not have to be final for SBA to approve a loan. A loan officer works with the applicant to obtain all the information needed to reach a final loan determination. SBA's goal is to arrive at a decision on the application within 2 to 3 weeks. A loan officer will contact the applicant to discuss the loan recommendation and

explain the next step in the process. In addition to speaking with the loan officer all loan decisions are communicated in writing.

3) Loan Closed and Funds Disbursed

- SBA will prepare and send Loan Closing Documents for the borrower's signature. Once the executed Loan Closing Documents are received, an initial disbursement may be made within five days:
 - a. Physical damage:
 - i. \$25,000 (Presidential disaster declarations)
 - ii. \$14,000 (Agency disaster declarations)
 - b. Economic injury (working capital):
 - i. \$25,000 (all disaster declarations)
- A case manager will be assigned to work with the borrower through the disbursement process and schedule subsequent disbursements until the loan is fully disbursed. The loan may be adjusted after closing due to the changing circumstances, such as increasing the loan for unexpected repair costs or reducing the loan due to additional insurance proceeds.

Application Deadlines and Late Acceptance

Completed loan applications must be returned to SBA by the filing deadlines. The specific deadline date is announced publicly, listed on the website and provided on the disaster fact sheets distributed. The deadlines are:

- Physical Damages: 60 days from date of disaster declaration
- Economic Injury: Nine months from date of disaster declaration

Any extensions will be announced in the media and posted on the SBA website.

Applications received after the filing deadline period may be accepted if SBA determines that the late filing resulted from substantial causes beyond the applicant's control. Examples for late filing that are beyond the applicant's control include, but are not limited to:

- The serious illness of the applicant or the serious illness or death of the applicant's immediate family member.
- The serious illness or death of a principal owner, or an immediate family member.
- Late receipt of an application due to disaster-related reasons (frequent moves, remote location, or lack of normal mail service).
- Applicant or applicant's principal owner was active-duty military officially stationed out of the disaster area during a substantial portion of the filing period.
- Applicant or applicant's principal owner was out of the country during a substantial portion of the filing period.

- The applicant is applying for a disaster loan to repair substantial hidden damage that was discovered after the filing deadline and that could not reasonably have been discovered before the deadline.
- Permanent or temporary relocation outside of the disaster area, causing the applicant or applicant's principal owner to be unable to make repair, replacement, or relocation decisions.
- Open issues during and after the filing period pertaining to insurance, habitability of premises, or flood or municipal zoning requirements that prevented the applicant or applicant's principal owner from making repair, replacement, or relocation decisions.

An applicant can submit an application (paper or electronic) accompanied by a letter explaining the reasons why they did not file during the filing period or the grace period. If the reason is deemed to be beyond the applicant's control, their application will be accepted for processing.

Required Documentation

The following documents are required for Loan Processing to reach a loan decision:

Business Loans

- Business Loan Application (SBA Form 5) completed and signed by business applicant.
- IRS Form 8821/4506-T completed and signed by applicant business, each principal owning 20 percent or more of the applicant business, each general partner or managing member, and, for any owner who has a 50 percent or more ownership in an affiliate business. (Affiliates include, but are not limited to, business parents, subsidiaries, and/or businesses with common ownership or management.)
- Complete copies, including all schedules, of the most recent Federal income tax returns for the applicant business; or an explanation if not available.
- Personal Financial Statement (SBA Form 413 may be used) completed, signed and dated by the applicant (if a sole proprietorship), each principal owning 20 percent or more of the applicant business and each general partner or managing member.
- Schedule of liabilities listing all fixed debts (SBA Form 2202 may be used).

Additional Information That May Be Necessary To Process Your Application:

- Complete copies, including all schedules, of the most recent Federal income tax returns for each principal owning 20 percent or more of the applicant business, each general partner or managing member, and each affiliate.
- If the most recent federal income tax return has not been filed, a year-end profit and loss statement and balance sheet for that tax year.
- A current year-to-date profit and loss statement.
- Additional Filing Requirements (SBA Form 1368) providing monthly sales figures.

Home Loans

- Home Loan Application (SBA Form 5C) completed and signed by the applicant and the co-applicant.
- IRS Form 8821/4506-T completed and signed by the applicant and co-applicant.

Applicants may apply for all SBA disasters online using the Electronic Loan Application (ELA) via SBA's secure website at <https://disasterloan.sba.gov/ela>, obtain a loan application by calling the SBA's Customer Service Center at 1-800-659-2955 the hearing impaired can call 1-800-877-8339), by emailing SBA at disastercustomerservice@sba.gov or by downloading an application from SBA.GOV. ([Click Here](#)) or type: <http://www.sba.gov/content/disaster-loan-paper-applications> in the browser.

Technical Assistance Loan Application Initiative

The Technical Assistance Loan Application Initiative (TALAI) is an initiative by SBA's Office of Disaster Assistance and Office of Entrepreneurial Development (OED) to expand the involvement of SBA's Resource Partners following disasters. SBA Regional and District offices receive status reports of the TALAI initiative during the disaster. This initiative provides business loan applicants with SBA's Resource Partners' contact information.

SBA's Resource Partners will be able to provide follow-up assistance to a disaster business applicant whose business loan application (excluding non-profits) was either approved, declined or withdrawn and assist with requesting reconsideration or reacceptance of a declined/withdrawn disaster business application.

TALAI Decline/Withdrawal Letter

In instances where the applicant is declined or their application is withdrawn, ODA will send a letter to the applicant that outlines services offered to businesses through SBA's Resource Partners: the Small Business Development Centers (SBDCs), SCORE, and the Women Business Centers (WBCs). Please see Appendices 1 and 2 for sample withdrawal and decline letters.

In addition to the letter, SBA's Customer Service Center (CSC) staff will initiate follow-up phone calls to the declined and withdrawn applicants seven (7) days from the date of the TALAI declined/withdrawn letters being sent. This serves to ensure declined and withdrawn applicants are made aware of the services provided by SBA's Resource Partners and to have an opportunity to have any questions they may have answered.

An application may be declined for the following reasons: lack of repayment ability, lack of repayment ability based on forecast, unsatisfactory history on an existing or previous SBA loan, unsatisfactory history on a Federal obligation, unsatisfactory credit history, unsatisfactory debt payment history (other than a credit bureau), and economic injury is not substantiated. An application may be withdrawn when requested information is not furnished within the allowed timeframe.

TALAI Approval Letter

In instances where the applicant is approved, the SBA Processing Disbursement Center (PDC) staff will ensure the applicant is aware of available resources to assist them and ODA will send a letter to the applicant that outlines services offered to businesses through SBA's Resource Partners: the Small Business Development Centers (SBDCs), SCORE, and the Women Business Centers (WBCs). Please see Appendix 3 for sample approval letter.

Contacts for Help and Information

Applicants and borrowers with questions, in need of an application or would like to request the status of their loan application should contact:

*Customer Service Center: **1-800-659-2955**
(800-877-8339 for the deaf and hard-of hearing)
Or email: [**disastercustomerservice@sba.gov**](mailto:disastercustomerservice@sba.gov)*

Resource Partners and other stakeholders may contact the Communications Directors below for more information.

FOC-East Communications Director, 404-331-0333: Disaster Field Operations Center – East handles field operations and public information activity for disaster declarations in all states east of the Mississippi River, plus Minnesota, the U.S. Virgin Islands, the District of Columbia and Puerto Rico.

FOC-West Communications Director, 916-735-1500: Disaster Field Operations Center - West handles field operations and public information activity for disaster declarations in all states west of the Mississippi River, Hawaii and the U.S. Pacific Islands (Guam, American Samoa, Marshall Islands, Northern Mariana Islands and Micronesia).



