U.S. Small Business Administration

Disaster Assistance For Businesses of All Sizes

If your business or private, non-profit organization has suffered physical damage or your small business or private, non-profit organization of any size has sustained economic injury after a disaster, you may be eligible for financial assistance from the U.S. Small Business Administration. If your business—regardless of size—is located in the declared disaster area, you may apply for a long-term, low-interest loan to repair or replace damaged property.

Even if your property was not damaged and you are a small business owner or a private, non-profit organization, you may apply for a working capital loan from the SBA to relieve the economic injury caused by the disaster.

Physical Disaster Loans

Businesses of all sizes and private, non-profit organizations may apply for a Physical Disaster Loan of up to $2.0 million to repair or replace damaged real estate, equipment, inventory and fixtures. The loan may be increased by as much as 20 percent of the total amount of disaster damage to real estate and/or leasehold improvements, as verified by SBA, to protect the property against future disasters of the same type. These loans will cover uninsured or under-insured losses.

Economic Injury Disaster Loans

Small businesses, small agricultural cooperatives and certain private, non-profit organizations of all sizes suffering substantial economic injury may be eligible for an Economic Injury Disaster Loan of up to $2.0 million to meet necessary financial obligations – expenses the business would have paid if the disaster had not occurred.

Interest Rates

The interest rate on both these loans will not exceed 4 percent if you do not have credit available elsewhere. Repayment can be up to 30 years, depending on the business's ability to repay the loan. For businesses and nonprofit organizations with credit available elsewhere, the interest rate will not exceed 8 percent. SBA determines whether the applicant has credit available elsewhere.

Application Information

Businesses may apply directly to the SBA for possible assistance. The SBA will send an inspector to estimate the cost of your damage once you have completed and returned your loan application.

Downloadable application forms are available at:

www.sba.gov/services/disasterassistance/basics/howtoapply/index.html

For information about SBA disaster-assistance for businesses, call 1-800-659-2955.

Frequently Asked Questions

What information must I submit for a disaster loan?

Submit a completed loan application and a signed and dated IRS form 8821 giving permission for the IRS to provide the SBA your tax return information.

To process your application we need current financial information such as a personal financial statement, a current profit-and-loss statement, balance sheet and a list of debts.

Get Ready In Advance

Go to www.ready.gov or call 1-800-BE-READY for free sample emergency plans, business preparedness checklists and templates.

Every day, the U.S. Small Business Administration and its nationwide network of partners help millions of potential and current small business owners start, grow and succeed.

Resources and programs targeting small businesses provide an advantage necessary to help small businesses effectively compete in the marketplace and strengthen the overall U.S. economy.

SBA offers help in the following areas:

- Starting a Business
- Financing a Business
- Growing a Business
- Opportunities in Contracting
- Recovering From Disaster
- A Voice for Small Business in Government

Visit SBA online at **www.sba.gov** for 24/7 access to small business news, information and training for entrepreneurs.

All SBA programs and services are provided on a nondiscriminatory basis.

Can I use the disaster loan to expand my business?

The disaster loan helps restore property to pre-disaster condition, and, under certain circumstances, protects the structure from future disasters. It cannot upgrade or expand a business unless required by local building codes.

I already have a mortgage on my business. Can the SBA refinance my mortgage?

The SBA can refinance all or part of a previous mortgage in some cases when the applicant does not have credit available elsewhere, has suffered uninsured damage (40 percent or more of the property value), and intends to repair the damage. SBA disaster loan officers can provide additional details.

How soon before I know I've been approved for a loan?

The sooner you return the completed loan application, the sooner the SBA can process it. The SBA tries to make a decision within 16 days. Make sure the application is complete. Missing information is a major cause of delays.

Is collateral required for these loans?

Physical loss loans over $14,000 and all EIDL loans over $5,000 must be secured to the extent possible. SBA will not decline a loan if there isn't enough collateral, but requires you to pledge what is available. That usually consists of a first or second mortgage on the damaged business real estate, or best available if you don't have real estate.

Should I wait for my insurance settlement before I file my loan application?

No. Don't miss the filing deadline by waiting for an insurance settlement. Final insurance information can be added when a settlement is made. The SBA can approve a loan for the total replacement cost, but any insurance proceeds that duplicate SBA's loan must be applied to your SBA loan.

How may I use an Economic Injury Disaster Loan?

The loan provides working capital for disaster-related needs until your business or private, non-profit organization recovers. You may request an EIDL for the amount of economic injury but not in excess of what your business or private, non-profit organization could have paid if the disaster had not occurred. EIDL loans cannot refinance long-term debts or provide working capital needed before the disaster. EIDL loans do not replace sales or lost profits.

Must I submit a personal financial statement with my loan application?

Yes. The SBA must review a financial statement for each owner and one for each partner, officer, director and stockholder with 20 percent or more ownership. The SBA requires the principals of the business to personally guarantee repayment of the loan, and in some instances to secure the loan by pledging additional collateral.

Plan to Stay in Business

Continuity planning assures your business will function as soon as possible after a natural or man-made disaster.

Review Insurance Coverage:

Inadequate insurance coverage can lead to major financial loss if your business is damaged, destroyed or simply interrupted. Store records your insurance provider will want to see after an emergency in a safe place.

Prepare for Utility Disruptions:

Examine which utilities are vital to your business's day-to-day operation. Identify back-up options such as portable generators to power the vital aspects of your business in an emergency.

Secure Facilities, Buildings and Plants:

Identify what production machinery, computers, custom parts or other essential equipment is needed to keep your business open. Plan how to replace or repair vital equipment. Store extra supplies for use in an emergency. Plan what you will do if your building, plant or store is not usable.

Back-up Financial Records:

Back-up financial records and other vital information stored on computer hard drives. Files should be stored in a portable lockbox office, at least 500 miles away.