

Disaster Assistance:

Small Business Administration Disaster Loans

How can SBA help disaster victims?

The SBA's disaster assistance programs include

- Home and Personal Property Disaster Loans
- Business Disaster Loans

SBA can make low-interest disaster loans to homeowners, renters, and businesses who have been disaster victims. These loans should help you

- Replace personal property
- Repair real property and equipment

The SBA and SBA-approved lenders both issue disaster loans. SBA sets out the key terms and guidelines lenders use in deciding if you should get a disaster loan.

What is an SBA Personal Property Loan?

This loan is for repair or replacement of clothing, furniture, cars, appliances, and other items damaged or destroyed in a disaster. This loan is for up to \$40,000. This loan is for both homeowners and renters.

What is an SBA Home Loan?

This loan is for permanent repairs (including replacement) of your home to its pre-disaster condition. This loan is for up to \$200,000. It is only for homeowners for damage to the home they live in.

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- ❖ You cannot use an SBA home loan to repair a second home.
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What is an SBA Business Physical Disaster Loan?

This loan is for replacement or restoration of damaged property to its pre-disaster condition. This loan covers real property, machinery and equipment, fixtures, inventory, and leasehold improvements. This loan is for up to \$2 million.

This loan is for:

- non-farm businesses
- most private, nonprofit organizations

What terms do SBA loans have?

The SBA determines loan terms case-by-case. The terms of your loan will depend on:

- If you have credit available elsewhere
- Your ability to repay the loan

If you have no credit available elsewhere, you will get lower interest rates and longer repayment terms. SBA decides if you have credit available elsewhere.

❖ **You “do not have credit available elsewhere” when you lack enough funds or other resources, or the ability to borrow from non-government sources, to take care of your disaster damages yourself.**

The SBA may increase your loan amount by up to twenty percent of the total amount of disaster damage if you make improvements that will help prevent this kind of damage from future disasters.

How long will I have to pay back an SBA loan?

Repayment period is generally long-term. You might have as much as 30 years.

Will I have to put up any collateral for an SBA loan?

It depends. The SBA requires available collateral for loans over \$25,000.

How do I apply for an SBA Loan?

- Call: 1-800-659-2955
- Online: <https://disasterloan.sba.gov/ela>

If the SBA approves your application, they will send you a loan authorization letter. It will state:

- The loan’s terms
- What you can use it for

When will the SBA deny a disaster loan application?

Here are the main reasons:

- **Credit History:** You must have a credit history acceptable to SBA.
- **Inability to repay:** You must show the ability to repay all loans.

❖ The SBA should not consider any medical debt you have in making its decision. If your poor credit is due to medical debt, ask the SBA to reconsider the denial of your loan application. (See next section.)

The SBA denied my disaster loan application. Now what?

❖ Call the SBA to get more info about why they denied your loan application.

You can **request reconsideration of the decision** to deny your application. There are two levels of reconsideration.

First level: You must file your request for reconsideration with the Disaster Assistance Processing and Disbursement Center (DAPDC) in Fort Worth, Texas, within **six months** of the date of the denial letter. The SBA will assign your application to a new loan processor.

Second level: If they deny your reconsideration request, you appeal to the DAPDC Director. You must do this within **30 days** of the first reconsideration decision. Another loan processor will assess your application.

If you also applied for FEMA assistance: You may want SBA to deny your loan application. Then you can ask for an increase to your FEMA grant.

What if the SBA decides I misused the loan?

If SBA notifies you of a claim of misuse of the funds, you must submit contrary evidence within 30 days of the notice. The SBA can try to

recover from you 150% of the loan amount. They might also seek criminal penalties against you.

Where can I get more information?

The SBA Disaster Assistance Program Standard Operating Procedure manual is online:

<http://www.sba.gov/sites/default/files/SOP%2050%2030%207.pdf>.

This publication provides general information concerning your rights and responsibilities. It is not intended as a substitute for specific legal advice.

This information is current as of February 2018.

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