

# Disaster Loan Assistance

## Federal Disaster Loans for Businesses, Private Nonprofits, Homeowners, and Renters

### Frequently Asked Questions

#### **How do I begin the loan application process?**

Homeowners and Renters: Submit a completed loan application and a signed and dated IRS form 4506-T giving permission for the IRS to provide SBA your tax return information. Businesses in addition to the application and the IRS Form 4506-T we will also need current information such as a personal financial statement, a schedule of liabilities and a copy of your most recently filed Federal income tax return. Additional information may be required depending on individual circumstances.

#### **I have registered with the Federal Emergency Management Agency (FEMA) and was referred to the U.S. Small Business Administration (SBA). I don't have a small business, so why do I need to apply to SBA?**

For disaster damage to private property that is not fully covered by insurance, the basic form of Federal disaster assistance is an SBA disaster loan. SBA is the primary source of Federal money for long-term disaster recovery. Non-farm businesses (including rental properties) of all sizes as well as homeowners, and renters, whose property was damaged as a result of a declared disaster, should apply for a low-interest SBA disaster loan.

#### **I have already received money from FEMA. Does that mean I still need to apply to SBA for a disaster loan?**

If your home was destroyed or was not habitable, you may have received money to pay for temporary accommodations elsewhere. If your home was not livable, you may have received money to pay for essential repairs so you could stay there. In both cases, FEMA funds were not intended to pay for all the costs of repairing your damaged home, or for replacing your personal property. SBA disaster loans are available to cover the amount of your repair costs that have not already been fully compensated.

#### **I don't think I can afford a loan. Why should I apply?**

If you are a homeowner or renter and SBA determines you cannot afford a loan, SBA will automatically refer you to FEMA's Other Needs Assistance (ONA) program. The FEMA program is a safety net available only to individuals and families, and is not available to businesses. It is intended to help meet essential needs not met by any other form of assistance, including SBA disaster loans. Please note that if you were referred to SBA for assistance and do

not complete the SBA loan application you cannot be referred to FEMA even if SBA were to determine you cannot qualify for a loan.

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

No. Do not miss the filing deadline by waiting for an insurance settlement. SBA can approve a loan for the total eligible losses within the administrative guidelines and later adjust the loan eligibility or balance if insurance funds are received.

### **How much can I borrow?**

The amount SBA will lend depends on the cost of repairing or replacing your business and business contents or home and personal property, minus any insurance settlements or grants. SBA may send an inspector to estimate the cost of your damage once you have submitted your loan application. Renters and homeowners alike may borrow up to \$40,000 to repair or replace personal property. Homeowners may apply for up to \$200,000 to repair or replace their disaster damaged residence. Businesses of all sizes may apply for a Physical Disaster Loan and small businesses, small agricultural cooperatives and private non-profit organizations may be eligible for economic injury. These loans could not exceed \$2 million to repair or replace damaged property or economic injury. SBA can also lend additional funds up to 20 percent of the verified losses to help make improvement to the property (both real and contents) that protect, prevent or minimize the same type of disaster damage from occurring in the future (mitigation).

### **What is the interest rate and how long do I have to pay off this loan?**

The interest rate on these loans is determined by law. SBA assigns an interest rate to a loan based on the resources available to an applicant. The lower interest rate will not exceed 4 percent and the interest rate associated with current market rate will not exceed 8 percent. The rates are fixed for the term of the loan. Please refer to the [Fact Sheet link for the declared disaster](#) for which you are applying.

### **Is collateral required for these loans?**

Loans which exceed \$25,000 must be secured to the extent possible. SBA will not decline a loan if you don't have enough collateral, but will ask for whatever collateral is available which may include real estate owned by a business' principals. We may also take a lien on the damaged residential property.