

# SBA Disaster Assistance Program

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## SBA's Role in Disaster Recovery

### Wisconsin District Office

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# Mission

To provide low interest disaster loans to businesses of all sizes, private nonprofit organizations, homeowners and renters to repair or replace real estate, personal property, machinery & equipment, inventory and business assets that have been damaged or destroyed in a declared disaster.



# SBA History in Making Disaster Loans

The SBA's low interest loan program was designed by Congress to enable those affected by unforeseen catastrophic events to recover with as little adverse impact as possible.



SBA has been making disaster loans since 1953, and has approved more than \$53 billion in disaster loans to over 1.9 million businesses, homeowners and renters.

# Disaster Loan Program

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The SBA disaster loan program is activated in conjunction with approval of a major (Presidential) declaration; or an SBA-only (Agency) disaster declaration (for small disasters).

- Disaster loans are only for uninsured or otherwise uncompensated losses.
- These loans are direct from the federal government; not from a bank.

# Types of SBA Disaster Declarations

- Presidential (Individual / Public Assistance)
- Administrative (Agency)
- Governor's Certification
- Secretary of Agriculture
- Military Reservist



# Presidential Declaration for Individual Assistance (IA)

- If the President declares a major disaster declaration for Individual Assistance, SBA's disaster loan program is automatically activated.
- Businesses of all sizes private nonprofit organizations, homeowners and renters are eligible to apply for their uncompensated physical losses.
- Small businesses, small cooperatives, small aquaculture businesses and private nonprofits, can apply for economic injury disaster loans to meet their working capital needs.



# Presidential Declaration for Public Assistance (PA)

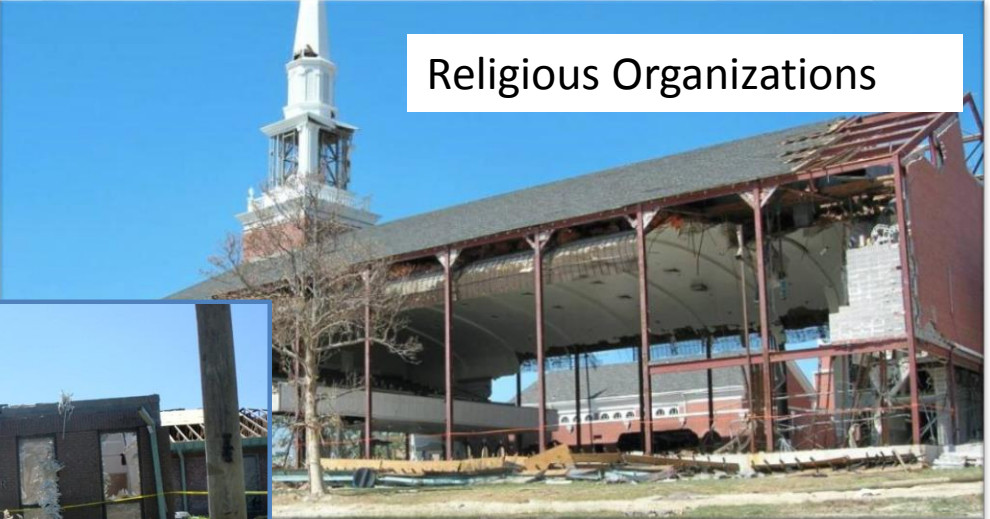


If the President declares a major disaster declaration for Public Assistance, SBA's disaster loan program is activated only for eligible Private NonProfit organizations for physical damage and economic injury.

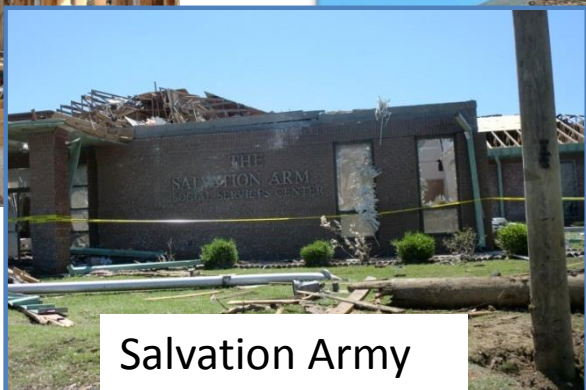
Community Centers



Religious Organizations



Salvation Army



# Administrative (Agency) Declarations

When the physical damage assessment indicates the threshold is insufficient for a Presidential declaration, the Governor can request an Administrative (Agency) declaration through the SBA Administrator.

Threshold for 'Agency' Declaration:  
At least 25 businesses and/or homes in a county with uninsured losses of 40% or more of their estimated fair market value.



SBA's Administrator  
Maria Contreras-Sweet

# Governor's Certification

If a Governor certifies that at least five (5) small businesses in a disaster area have suffered substantial economic injury as a result of the disaster, and need financial assistance not available on reasonable terms, SBA activates its Economic Injury Disaster Loan (EIDL) program only.

Note: Physical Disaster Loans are not available under this type of declaration.



This declaration provides working capital for ordinary and necessary operating expenses.

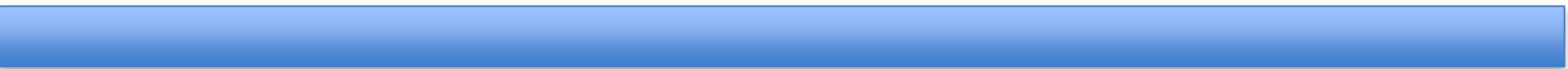
# Secretary of Agriculture Declarations (Sec-Ag)

If the Secretary of Agriculture designates an area an agricultural disaster, SBA automatically activates its Economic Injury Disaster Loan (EIDL) program.

Loans are made available to eligible small businesses, small agricultural cooperatives and private nonprofit organizations that have suffered substantial economic injury as a result of the declared disaster.



# Military Reservist Economic Injury Disaster Loans (MREIDL)



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 can apply for an SBA Military Reservist Economic Injury Disaster Loan.

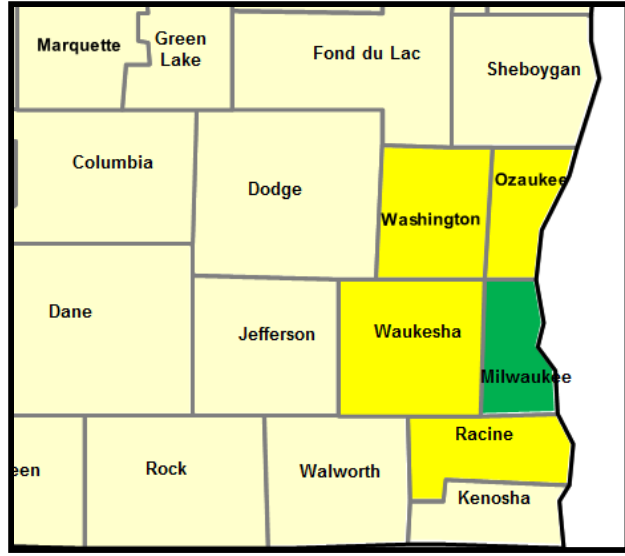



The filing period begins the date the essential employee receives a notice of expected call-up and ends 1 year after the date the essential employee is discharged or released from active duty.


# Differences in Presidential Versus Agency Declarations

The declared disaster area and eligibility is different.

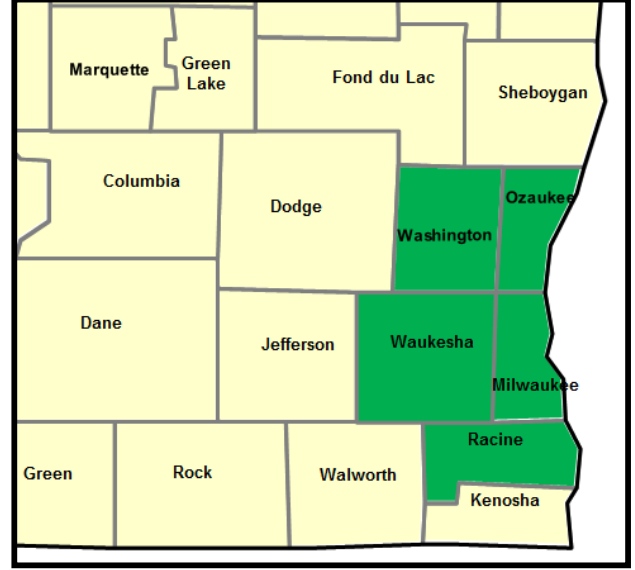
Presidential declaration (IA)




 Indicates that SBA Disaster Loans for physical and economic injury losses are available in the “Primary” County.

 Indicates that only SBA Disaster Loans for economic injury are available in “Contiguous” Counties.

SBA Administrative declaration



 Indicates that SBA Disaster Loans for physical and economic injury losses are available in both the “Primary” County and “Contiguous” Counties.

# How Much Survivors Can Borrow

Types of Loans	Borrowers	Purpose	Max Amount
Business Loans “Physical”	Businesses and private nonprofits	Repair or replace real estate, equipment, furniture, etc.	\$2 million *
Economic Injury Loans	Small businesses & private nonprofits	Economic injury disaster loans or working capital loans	\$2 million *
Home Loans	Homeowners	Repair or replace real property	\$200,000
Home Loans	Homeowners & Renters	Repair or replace personal property	\$40,000
Mitigation	Businesses, private nonprofits and homeowners.	Mitigate / prevent future loss to real property	20% of verified physical damage. Homeowners limited to \$200,000.

\*The maximum business loan is \$2 million, unless the business qualifies as a Major Source of Employment (MSE).

# Features of SBA Disaster Loans

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- Loan terms – Up to 30 years based on ability to repay; fixed interest rate.
- If approved, borrower can choose to use all, some or none of the approved loan amount.
- Relocation and refinancing may be considered on a case by case basis for businesses and homeowners

# Requirements for Loan Approvals

- **Eligibility**

- Damaged property must be in a declared county and owned by the disaster applicant.



- **Credit History**

- Applicant must have a credit history acceptable to SBA.



- **Repayment**

- Applicant must show the ability to repay the SBA loan.

# Collateral Requirements



## **Presidential Declaration:**

- Physical loans over \$25,000 require collateral

## **Agency (Administrative) Declaration:**

- Physical loans over \$14,000 require collateral

## **In All SBA Declarations:**

- Economic injury loans over \$25,000 require collateral

SBA will not decline a loan for lack of collateral, but requires collateral that is available.

# The Three Step Process: Disaster Loans

In Presidential declarations, survivors should first register with FEMA at **1-800-621-3362** or [www.disasterassistance.gov](http://www.disasterassistance.gov)



There are three ways to apply:

- Apply on-line at SBA's secured website: <https://disasterloan.sba.gov/ela>;
- Apply in person at a recovery center; or
- Submit an application by mail.

# The Three Step Process: Disaster Loans



Upon receipt of completed loan application, losses are verified and the file is processed to a decision.

If approved, loan documents are forwarded to borrower. The applicant is advised of appeal rights, if declined.

# The Three Step Process: Disaster Loans



Disbursements are generally made in installments after required loan closing documents are submitted.

# SBA Resource Partners

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Small Business Development Centers (SBDCs)

Women's Business Development Centers (WBCs)

SCORE Chapters

Work with SBA to help businesses recover from disaster.

# SBA Resource Partners

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Resource Partners are able to:

- Provide follow-up assistance to businesses whose disaster loan applications are either approved, declined or withdrawn
- Assist businesses in requesting reconsideration or reacceptance of a declined/withdrawn disaster loan application
- Provide management and technical services to disaster business loan applicants

# Disaster Preparedness

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Generally, it takes several years to build a successful business, but minutes or hours to be destroyed by a disaster.

Business owners should:

- Understand their vulnerabilities
- Plan for a disaster
- Periodically conduct drills to test the effectiveness of their plans

# Are You Prepared for a Disaster?

- Blizzards
- Earthquakes
- Fire
- Floods
- Hail storms
- Hurricanes
- Power outages
- Pandemics
- Severe Storms
- Tornadoes



# Disaster Planning & Preparedness



*"A business continuity plan is an essential factor of a small company's long-term success and will contribute to the community's economic recovery in the aftermath of a disaster."*

**-Maria Contreras-Sweet**  
Administrator, U.S. Small Business  
Administration

# Why Prepare for Disasters



The Federal Emergency Management Agency (FEMA) estimates 40% of businesses do not reopen after a disaster, and of those that do reopen, 25% fail within one year.

# Are You Disaster Ready?

Getting back to business after a disaster depends on how prepared you are today.

Small business owners invest significant time, money and resources to make their ventures successful. Emergency planning is important but maybe put on the back-burner in the face of more immediate concerns.

For small business owners, being prepared can mean staying in business following a disaster.



# Are You Taking A Risk?

Do you have insurance?  
What does your policy cover?  
Is your coverage adequate?



Insurance should be sufficient to cover the cost to repair or rebuild your business or home.

Replacement cost of your property is not the same as its real estate value.

Coverage should include attached structures, such as a garage, storage building or deck.

Flood coverage and business interruption are normally separate policies.

# Prepare a Business Disaster Toolkit



- Check insurance coverage, including business interruption.
- Communicate your disaster preparedness plan with all employees.
- Back up computer records often and store critical paper and electronic records off site.
- Make sure you have essential phone numbers for insurance agents, employees, vendors and customers.
- Consider using a website to post information about your business, so vendors and suppliers can stay informed.

# Prepare a Disaster Survival Kit

Begin by creating a disaster survival kit that is both waterproof and fireproof. Update it regularly. Include:

- Cash
- Non perishable food (3 day minimal supply) including a can opener
- Water for each person/pet (1 gallon per day, per person)
- First aid supplies and medications (eye glasses/contacts)
- Radio, flashlight, batteries, blankets
- Whistle to signal for help
- Sanitation supplies
- Basic tool kit



# Disaster Planning Resources



*Prepared by the Insurance Institute for Business & Home Safety (IBHS), which is an independent, nonprofit, scientific research and communications organization supported by the property insurance industry. The Institute works to reduce the social and economic effects of natural disasters and other risks on residential and commercial property by conducting building science research and advocating improved construction, maintenance and preparedness practices.*

**THE EASY WAY TO PREPARE YOUR BUSINESS FOR THE UNEXPECTED.**



Look at the Insurance Institute for Business and Home Safety website and review the “Open for Business – EZ toolkit.”

The information helps small businesses take the steps needed to keep functioning in the event of a major disaster or a smaller disruption.

# Disaster Planning Resources

**PREPARE  
MY  
BUSINESS.org**

Home  
Planning  
Education  
Testing  
Disaster Assistance

**Business as Usual. No Matter What.**

You've finally achieved your dream. Don't lose it to a power outage, hacker disruption, fire, earthquake or other disaster. If you're not prepared, a disaster could put you and your employees at risk, possibly shutting down your business forever.

Roughly **40 to 60 percent** of small businesses never reopen their doors following a disaster. But you can.

Disaster planning and preparedness can be your lifeline to staying in business. With proper **education, planning, testing** you will be able to stay in business and beyond.

Each month, Prepare My Business hosts free, educational Webinars. Attend these live courses to learn more about how to plan your business continuity and disaster recovery strategy. The more you know, the more you can help reduce your business's risk and quickly recover in a disaster.

# Helpful Websites

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[www.sba.gov/services/DisasterAssistance](http://www.sba.gov/services/DisasterAssistance) provides disaster assistance resources.

[www.PrepareMyBusiness.org](http://www.PrepareMyBusiness.org) provides business-focused disaster preparedness and planning tools.

[www.Ready.gov](http://www.Ready.gov) has emergency preparedness publications available to the public at no cost.

[www.ReadyRating.org](http://www.ReadyRating.org) is a free program from the American Red Cross that helps businesses, schools and organizations become prepared for disasters and other emergencies.

[www.DisasterSafety.org](http://www.DisasterSafety.org) (Insurance Institute for Business & Home Safety) advises home and business owners how to prepare for disasters.

# Contacts

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For More Information,  
Contact SBA's Customer Service Center at:

1-800-659-2955 / 1-800-877-8339 (TTY)

Or

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