

How an SBA Disaster Loan Works

The SBA provides loans to businesses of all sizes, nonprofits, homeowners and renters to cover rebuilding costs not covered by insurance or other forms of assistance.

Verification & Processing

An SBA loss verifier will estimate the total loss to your property damaged by the disaster. A loan officer determines your creditworthiness and eligibility after reviewing any insurance or other recovery funds. The SBA can approve and disburse a loan while your insurance recovery is pending. You will be advised in writing of all loan decisions.

- Terms may go up to 30 years. The SBA sets terms based on each borrower's ability to repay, no early payoff fees or penalties.
- Rates are low, based on the type of loan and if you have credit available elsewhere.

For Physical Damages

A business of any size and any nonprofit may borrow up to \$2 million to repair or replace damaged or destroyed real estate, machinery and equipment, inventory, and other business assets.

- A homeowner may borrow up to \$200,000 to repair/replace primary residence damage.
- A homeowner or renter may borrow up to \$40,000 to repair/replace damage to personal property, including vehicle losses.

For Economic Injury

The SBA also offers economic injury disaster loans for up to \$2 million to help meet working capital needs caused by a disaster.

- Who are eligible: small businesses, small agricultural cooperatives, small aquaculture businesses, and most nonprofits.
- Economic injury assistance is available regardless of whether the business suffered any property damage.

Closing & Funds Disbursement

Approval decision and disbursement of loan funds is dependent on receipt of your documentation.

Be sure to sign your closing documents. This can be done by mail or with an SBA representative at a closing center, if one is open in your area.

The SBA disburses loan funds as recovery work is completed, items are replaced, and/or as funds are needed. The SBA will typically make an initial disbursement of up to \$25,000, if all requirements are met, within five days of receiving your signed loan closing documents. Your case manager will schedule subsequent disbursements of the full loan amount. Your case manager will work with you to help you meet all loan conditions. Your loan may be adjusted after closing according to your changing circumstances, such as unexpected repair costs or additional insurance proceeds.

Keep in mind

An SBA disaster loan is a direct loan from the government. Other organizations may reduce or not award you a grant if you have received an SBA loan or other assistance. Be sure to check with other organizations to see how an SBA loan might affect your eligibility for their program.

In general, recovery expenses covered by insurance, FEMA or other forms of assistance may reduce the amount provided by your SBA disaster loan.