



Federal Business Disaster Relief Programs

Presented by

Michael A. Berson

Partner, Government Relations and
Economic Development

michael.berson@arlaw.com

251.650.0848

SBA Disaster Loan Programs

- Small Business Administration (SBA) Disaster Loan Program provides direct loans to help businesses, nonprofit organizations, homeowners, and renters repair or replace property damaged or destroyed in a federally declared or certified disaster.
- SBA disaster loans include:
 - Home Physical Disaster Loans,
 - Business Physical Disaster Loans,
 - Economic Injury Disaster Loans (EIDL), and
 - Pre-Disaster Mitigation Loans.



SBA Disaster Loans Available to Businesses

- SBA disaster assistance for businesses is in the form of loans rather than grants.
- Three types of SBA disaster loans are available to businesses:
 - Business Physical Disaster Loans,
 - EIDLs, and
 - Pre-Disaster Mitigation Loans.
- The maximum loan maturity for a Business Disaster Loan is 30 years.

Business Physical Disaster Loans

- Any business, regardless of size, located in a declared disaster area may be eligible.
- Physical Disaster Loans are made to repair or replace damaged physical property.
- Maximum loan amount is \$2 million.
- Physical Disaster Loans may be used for repairs and replacements to real property, machinery, equipment, fixtures, inventory, and leasehold improvements that are not covered by insurance.
- May utilize up to 20% of the verified loss amount for mitigation measures.
- Interest rates between 4% and 8%.



Economic Injury Disaster Loans

- EIDLs are available only to small businesses as defined by SBA size regulations.
- Small agricultural cooperatives and most private and nonprofit organizations are also eligible.
- Maximum loan amount is \$2 million.
- Maturity of up to 30 years and an interest rate of 4% or less.



Pre-Disaster Mitigation Loan Program

- SBA may make low-interest, fixed-rate loans to businesses to protect commercial property, leasehold improvements, or contents from disaster-related damages that may occur in the future.
 - Supports FEMA's Pre-Disaster Mitigation Program.
- May borrow up to \$50,000 each fiscal year.
- Must be located in a participating pre-disaster mitigation community.
- If proposed project is designed to protect against flooding, then the business must be within a Special Flood Hazard Area (SFHA).
- Interest rate fixed at 4%.
- SBA cannot make a loan if:
 - Business is primarily engaged in political or lobbying activities;
 - Business derives more than one-third of its revenues from legal gambling activities; or
 - Any of the principal owners of the business are currently incarcerated, on parole, or on probation.



- What are SBA loan processing times for disaster loans?
- What can business physical disaster loans be used for?
- What forms of collateral are needed for business disaster loans?
- What can economic injury disaster loans (EIDL) be used for?

FEMA Resources

- Individual Assistance (IA)
- Public Assistance (PA) (includes some private, non-profit organizations i.e. eligible PNPs)
- Private businesses and certain non-profit organizations are not eligible for FEMA PA assistance
- Eligible PA applicants may contract for-profit entities to perform PA-reimbursable work so long as it complies with federal and state procurement and programmatic requirements



References

- Congressional Research Service (CRS)



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