

Business Physical Disaster Loans

Eligible Uses

Emergency Repairs, Construction/Capitalization, Operations and Maintenance, Private-for-Profit Systems

At a Glance The Small Business Administration (SBA) offers Business Physical Disaster Loans that can be used for repair or replacement of disaster damaged property. "Property" includes machinery, equipment, fixtures, inventory, and leasehold improvements. Loans may be increased by as much as 20 percent of the disaster damage to protect against possible future disasters of the same type. SBA loans will cover uninsured physical damage. If the business is required to apply insurance proceeds to an outstanding mortgage on the damaged property, it can include the amount applied in the disaster loan. The SBA makes loans of up to \$2.0 million to qualified businesses.

If the business is in a special flood hazard area, or if the disaster damage was caused by flooding, it must have flood insurance to get a loan. If the business was legally required to maintain flood insurance but did not, the SBA will not offer a loan.

If a business or nonprofit organization is unable to obtain credit elsewhere, the maximum interest rate is 4 percent per year and the maximum maturity for the loan is 30 years. For businesses that are able to obtain credit elsewhere, the interest rate cannot exceed 8 percent and the maturity for the loan cannot exceed three years. However, the actual maturity is based on the ability of the business to repay the loan.

Receivers Large or small businesses and nonprofit organizations may apply.

Eligible Activities Any business that is in a declared disaster area and has incurred damage during the disaster may apply for a loan. The loans must help return damaged property to its pre-disaster condition through repairs or replacements.

Cost Sharing None

Application The loan application specifies the required information and includes: (1) an itemized list of losses with an estimate of the repair or replacement cost of each item, (2) a copy of certain federal income tax information (as specified on the application), (3) a brief history of the business, and (4) personal and business financial statements.

SBA generally makes a decision on each application within seven to 21 days. After the loan is approved, SBA will notify the applicant of documents that need to be submitted. The loan may be disbursed in increments as needed to make repairs or replacements.

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Additional Sources and Contact Information

For additional information contact SBA's Customer Service Center at 800-659-2955 or by email at disastercustomerservice@sba.gov.

Physical Disaster Business Loans Overview

<https://disasterloan.sba.gov/ela/Information/BusinessPhysicalLoans>