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Title 13: Business Credit and Assistance
PART 123—DISASTER LOAN PROGRAM
Subpart A—Overview

§123.3 How are disaster declarations made?

(a) There are five ways in which disaster declarations are issued which make SBA disaster loans possible:

(1) The President declares a Major Disaster and authorizes Federal Assistance, including individual assistance (Assistance to Individuals and Households Program).

(2) If the President declares a Major Disaster limited to public assistance only, a private nonprofit facility which provides non-critical services under guidelines of the Federal Emergency Management Agency (FEMA) must first apply to SBA for disaster loan assistance for such non-critical services before it could seek grant assistance from FEMA.

(3) SBA makes a physical disaster declaration, based on the occurrence of at least a minimum amount of physical damage to buildings, machinery, equipment, inventory, homes and other property. Such damage usually must meet the following tests:

(i) In any county or other smaller political subdivision of a State or U.S. possession, at least 25 homes or 25 businesses, or a combination of at least 25 homes, businesses, or other eligible institutions, each sustain uninsured losses of 40 percent or more of the estimated fair replacement value or pre-disaster fair market value of the damaged property, whichever is lower; or

(ii) In any such political subdivision, at least three businesses each sustain uninsured losses of 40 percent or more of the estimated fair replacement value or pre-disaster fair market value of the damaged property, whichever is lower, and, as a direct result of such physical damage, 25 percent or more of the work force in their community would be unemployed for at least 90 days; and

(iii) The Governor of the State in which the disaster occurred submits a written request to SBA for a physical disaster declaration by SBA (OMB Approval No. 3245-0121). This request should be delivered to the Disaster Assistance Field Operations Center serving the jurisdiction

within 60 days of the date of the disaster. The addresses, phone numbers, and jurisdictions served by the field operations centers are published in the **FEDERAL REGISTER**.

(4) SBA makes an economic injury disaster declaration in response to a determination of a natural disaster by the Secretary of Agriculture.

(5) SBA makes an economic injury declaration in reliance on a state certification that at least five small business concerns in a disaster area have suffered substantial economic injury as a result of the disaster and are in need of financial assistance not otherwise available on reasonable terms. The state certification must be signed by the Governor, must specify the county or counties or other political subdivision in which the disaster occurred, and must be delivered (with supporting documentation) to the Disaster Assistance Field Operations Center serving the jurisdiction within 120 days of the disaster occurrence. When a Governor certifies with respect to a drought or to below average water levels, the supporting documentation must include findings which show that conditions during the incident period meet or exceed the U.S. Drought Monitor (USDM) standard of "severe" (Intensity level D-2 to D-4). The USDM may be found at <http://drought.unl.edu/dm/monitor>. With respect to below average water levels, the supplementary information accompanying the certification must include findings which establish long-term average water levels based on recorded historical data, show that current water levels are below long-term average levels, and demonstrate that economic injury has occurred as a direct result of the low water levels. Not later than 30 days after SBA receives a certification by a Governor, it shall respond in writing with its decision and its reasons.

(b) SBA publishes notice of any disaster declaration in the **FEDERAL REGISTER**. The published notice will identify the kinds of assistance available, the date and nature of the disaster, and the deadline and location for filing loan applications. Additionally, SBA will use the local media to inform potential loan applicants where to obtain loan applications and otherwise to assist victims in applying for disaster loans. SBA will accept applications after the announced deadline only when SBA determines that the late filing resulted from substantial causes beyond the control of the applicant.

[61 FR 3304, Jan. 31, 1996, as amended at 64 FR 13667, Mar. 22, 1999; 67 FR 64518, Oct. 21, 2002; 71 FR 63676, Oct. 31, 2006; 71 FR 75409, Dec. 15, 2006; 73 FR 54675, Sept. 23, 2008; 81 FR 67903, Oct. 3, 2016]



SBA Disaster Assistance in Response to the Coronavirus

- The U.S. Small Business Administration is offering designated states and territories low-interest federal disaster loans for working capital to small businesses suffering substantial economic injury as a result of the Coronavirus (COVID-19). Upon a request received from a state's or territory's Governor, SBA will issue under its own authority, as provided by the Coronavirus Preparedness and Response Supplemental Appropriations Act that was recently signed by the President, an Economic Injury Disaster Loan declaration.
- Any such Economic Injury Disaster Loan assistance declaration issued by the SBA makes loans available to small businesses and private, non-profit organizations in designated areas of a state or territory to help alleviate economic injury caused by the Coronavirus (COVID-19).
- SBA's Office of Disaster Assistance will coordinate with the state's or territory's Governor to submit the request for Economic Injury Disaster Loan assistance.
- Once a declaration is made for designated areas within a state, the information on the application process for Economic Injury Disaster Loan assistance will be made available to all affected communities as well as updated on our website: SBA.gov/disaster.
- SBA's Economic Injury Disaster Loans offer up to \$2 million in assistance and can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.
- These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. The interest rate is 3.75% for small businesses without credit available elsewhere; businesses with credit available elsewhere are not eligible. The interest rate for non-profits is 2.75%.
- SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.
- SBA's Economic Injury Disaster Loans are just one piece of the expanded focus of the federal government's coordinated response, and the SBA is strongly committed to providing the most effective and customer-focused response possible.
- For additional information, please contact the SBA disaster assistance customer service center. Call 1-800-659-2955 (TTY: 1-800-877-8339) or e-mail disastercustomerservice@sba.gov.
- Visit SBA.gov/disaster for more information.

Information Paper for Small Business Administration Economic Injury Disaster Loans (EIDL)

Iowa Department of Homeland Security and Emergency Management

March 16, 2020

Disaster: COVID-19

Economic Injury Period: TBD

Disaster Area: Entire State of Iowa

Purpose: Iowa Department of Homeland Security Emergency Management initiates procedures to collect Notifications of Interest (NOI) from Iowa small business owners and non-profits in order to provide the Governor of Iowa the necessary information to meet the minimum criteria for an Economic Injury Disaster Loan declaration and request for assistance.

If you are located in a declared disaster area, you may be eligible for financial assistance from the U.S. Small Business Administration (SBA).

What Type of Disaster Loans are Available?

Economic Injury Disaster Loans (EIDL) – The U.S. Small Business Administration is offering low-interest federal disaster loans for working capital to small businesses suffering substantial economic injury as a result of the Coronavirus (COVID-19). Upon a request received from the Governor, SBA will issue under its own authority, as provided by the Coronavirus Preparedness and Response Supplemental Appropriations Act that was recently signed by the President, an Economic Injury Disaster Loan declaration.

General Use and Interest Rates?

These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. Interest rates are fixed for the term of the loan. The interest rates applicable for this disaster are:

- 3.75% for small businesses without credit available elsewhere
- 2.75% for non-profits
- Businesses with credit available elsewhere are not eligible.

What are Loan Terms?

The law authorizes loan terms up to a maximum of 30 years. Terms are determined on a case-by-case basis, based on each borrower's ability to repay.

What are the Loan Amount Limits?

- Economic Injury Disaster Loans (EIDL) – SBA's Economic Disaster Loans offer up to \$2 million in assistance and can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.

Procedures to Participate in Economic Injury Disaster Loan Program

Step 1: Notification of Interest: Fill out the SBA, Estimated Disaster Economic Injury Worksheet for Businesses. Estimate the Adverse Economic Impact to the affected business with the best information and economic trends available at the time of filling out the EIDL worksheet.

Step 2: Forward worksheet to Iowa Department of Homeland Security and Emergency Management (HSEMD) Point of Contact, Michael Schlorholtz, Disaster Project Specialist at michael.schlortholtz@iowa.gov.

Step 3: Based on the level of interest in the state, the Director of the Iowa Department of Homeland Security Emergency Management (HSEMD) will recommend to the Governor of Iowa to make a disaster declaration and request SBA EIDL assistance.

Step 4: Once a declaration is made for designated areas within the state, the information on the application process for Economic Injury Disaster Loan assistance will be made available to all affected communities as well as updated on the SBA website, SBA.gov/disaster.

Step 5: Iowa Department of Homeland Security will continue to assist applicants through coordination and liaison with the Small Business Administration, County Coordinators and applicants.

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