

## **SBA Disaster Declaration Criteria**

The following criteria must be met prior to the Director of PEMA recommending to the Governor that a request for a Small Business Administration disaster loan declaration be forwarded to the Small Business Administration.

### **1. Physical Disaster Declaration Criteria and Submission Requirements**

- a) A Physical Disaster Declaration provides low interest loans to homeowners, renters, non-farm businesses and non-profit organizations to permanently rebuild and replace damaged uninsured privately-owned real and/or personal property. The damages must have been caused by floods or other acts of nature, riots, civil disorders, or industrial accidents such as oil spill. These disasters are sudden events which cause severe physical damage, and do not include slower physical occurrences such as shoreline erosion or gradual land settling.
- b) The Administrator of the SBA issues 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.
- c) The following thresholds must be met before a request for a declaration will be forwarded to the SBA.
  - (1) In any county or other small political subdivision of a state, at least 25 homes or 25 businesses, or a combination of at least 25 homes, businesses or other eligible institutions, have each sustained 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
  - (2) In any such political subdivision, at least three businesses each sustain uninsured losses of 40 percent or more of their estimated fair replacement value or pre-disaster fair market value of the damaged property, whichever is lower, and as a direct result of the physical damage, 25 percent or more of the work force in the community would be unemployed for at least 90 days.
- d) Examples of who can be included as part of the uninsured or underinsured 25 homes or businesses:
  - (1) Homeowner
  - (2) Business Owner
  - (3) Apartment or Home Renter
  - (4) An independent adult living with a homeowner or other renter (children over 18, etc)

- (5) The landlord of an apartment, rental home, or business. A landlord can only be counted one time, and the total worth of all of his properties must be included.
  - (6) Independent contractors located with other businesses.
  - (7) Non-profit organization
- e) Examples of properties that cannot be included in the count of 25 homes or businesses:
- (1) Government entities
  - (2) Agricultural enterprises (Note: A farm is not eligible, but a farmers market is eligible.)
  - (3) Secondary homes and condominium units, cabins, camps, lake homes, etc., used for recreational purposes are not included in the count. Note: If they are a rental property, they may count and be eligible for a business loan.
  - (4) Pleasure boats
  - (5) Recreational vehicles are not eligible unless they are a principle residence or a part of a business.
  - (6) A homeowner, renter or business cannot be included in the count toward the 25 if it is expected that the damaged property can be repaired or replaced with the proceeds of insurance, gifts or other compensation, such as condemnation awards.
- f) A qualification for a physical disaster declaration automatically includes qualification for the Economic Injury Disaster Loan (EIDL) program.
- g) The request for a physical disaster declaration must be submitted to the SBA Disaster Assistance Field Operations Center East in Atlanta with the Governor's signature within 60 days of the incident period of disaster.
- h) When the SBA issues a physical disaster declaration, all three of the loan programs are available to eligible applicants. The three loan programs are: homeowner physical disaster home loans (homeowners and renters), physical disaster business loans (businesses and non-profits), and economic injury business loans for small businesses only.

## **2. Economic Injury Declaration Criteria and Submission Requirements**

- a) Economic injury disaster loans (EIDL) provide necessary working capital until normal operations resume after a physical disaster. These loans are restricted by law to small businesses only.
- b) The SBA does not perform a damage survey for economic injury disaster declaration requests. The Governor must certify to the SBA that at least five

small businesses, including small nurseries or agricultural cooperatives, in a disaster area have suffered substantial economic injury, not covered by business interruption insurance, as a result of the disaster and are in need of financial assistance not otherwise available on reasonable terms.

- c) The Governor's request for an EIDL designation must be submitted within 120 days of the incident period of the disaster that caused the economic injury.
- d) Counties must submit to the PEMA Individual Assistance Officer through the PEMA Area Office a completed Economic Injury Survey Form for each of the five qualifying businesses in order for the Governor to request an Economic Injury Disaster Declaration.