



U.S. Small Business
Administration

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Q&A - SBA Economic Injury Disaster Loans

Q: How is the disaster loan amount determined?

A: SBA will look at the last three years historical to determine what the business could have paid if the disaster would not have occurred. The loan funds will not provide for lost sales.

Q: Is the interest rate fixed?

A: Yes

Q: Can there be interest only payments on the disaster loan?

A: There is 4 months of payment deferral automatically built into the disaster loan that begins from the date of the Note.

Q: Is there a certain time period that the business needs to be in operation?

A: No, however the business will need the appropriate business and financial documentation required that shows it is a viable business.

Q: Is there a different business size standard for disaster loans than the SBA 7a program?

A: No, same size standard as the 7a program.

Q: What is the time frame for businesses to receive funds once the application package is submitted?

A: The typical timeframe is 21 days for a decision on the application package as long as all information is provided accurately by the applicant. After decisioning, SBA legal prepares the closing documents to send to the borrower. After receipt of the signed documents the funds are direct deposited typically in 3 -5 business days. If collateral is required for the loan SBA will prepare a partial disbursement of \$25,000 to submit to the borrower and release the remaining funds once all collateral is appropriately secured.

Q: Is there reconsiderations made if the loan is denied?

A: Yes. An example would be if the loan was turned down for insufficient income and the owner would like to add on a co-borrower, such as a spouse.

Q: What if an applicant is approved for the loan but withdraws their application. Do they have to re-apply all over again?

A: The applicant will have up to 6 months to reactivate their loan that was approved.

Q: Should applicants complete a paper application beforehand and send in once a disaster is declared for the area their business is located?

A: Yes, however completing the application online electronically ensures a faster process. If SBA receives the paper application a staff member needs to input the information into the electronic application system. This will slow down the application process.

Q: To meet the credit available elsewhere that is required does the applicant need to be turned down by a lender?

A: No. SBA will complete the thorough analysis to determine this based on the information provided by the applicant.

Q: If using a joint tax return and the spouse is not an owner of the business does the spouse need to sign the 4506?

A: No.

Q: If the business has insurance that will provide loss proceeds will this become a problem during application?

A: No, if insurance proceeds are disbursed to the business after the loan is funded those proceeds would be used to pay down on the disaster loan.

