

STRATEGIC GOAL THREE

Restore homes and businesses affected by disaster.

In addition to macro and micro economic threats, natural disasters pose a significant threat to small businesses. To accelerate the disaster recovery process, the SBA provides low-interest loans to homeowners, renters, non-profits, and businesses in the aftermath of disasters.

The strategies to help disaster victims include:

- Developing a flexible infrastructure of resources that can be quickly disbursed to a disaster area.
- Using the Internet to facilitate the disaster home loan application process.
- Continuing to develop the Disaster Credit Management System (DCMS) to reduce the time needed to process business loans. DCMS will also facilitate the expeditious production of loan closing documents, speeding the loan closing process.
- Conducting annual Quality Assurance Reviews to ensure compliance with policies and procedures and identifying areas where additional training may be needed.
- Conducting independent customer satisfaction surveys to measure customer service.

The bottom line is that SBA's disaster loans help rebuild communities. SBA doesn't help only the small businesses, but their friends and neighbors—their customers.

Disaster losses are unexpected and create financial hardships for most disaster victims. SBA disaster loans make recovery possible in three ways: low interest rates; longer terms (up to 30 years); and refinancing, under certain circumstances. SBA disaster loans are a critical source of economic stimulus in disaster-ravaged communities and help spur employment and stabilize the tax base by protecting jobs.

Vital to the effectiveness of this assistance is the speed of its delivery. For example, this year, in response to the incredible destruction of Hurricane Katrina, the Office of Disaster Assistance hired some 1,600 new employees in one month, an expansion on the order of 180%. Currently, ODA has more than 3,600 employees working to assist the survivors of the three hurricanes (Katrina, Rita and Wilma) in Louisiana, Alabama, Mississippi and Florida and continues to hire additional staff to respond to the unprecedented demand for SBA disaster loans.

Coordination is also critically important to the successful delivery of the assistance. Internally, the Office of Disaster Assistance, the Office of Entrepreneurial Development and the Office of Government Contracting and Business Development, have joined resources to aid in the economic recovery of the affected communities by assisting the local small businesses. Externally, the SBA is working closely with the Louisiana Secretary of Economic Development, as well as officials in Mississippi and Alabama, in the planning of several initiatives.



SBA Representatives assist residents at a Disaster Recovery Center, Waveland, Mississippi.

The SBA offers loans up to \$200,000 to repair a disaster-damaged primary residence. Homeowners and renters are eligible for loans up to \$40,000 to replace personal property such as furniture and clothing. Loans to businesses of all sizes and non-profit organizations are available up to \$1.5 million to repair damage to real estate, machinery, equipment and inventory. Economic Injury Disaster Loans (EIDLs) are also available to small businesses unable to pay bills or meet operating expenses.

SBA is committed to streamlining the process for business disaster loans to speed recovery assistance. In the areas affected by Hurricanes Katrina and Rita, the SBA is expediting the process for disaster loans under \$100,000 for business owners who can meet specified criteria. Responding to the issues faced by business owners who lost important documents in the aftermath of Hurricanes Katrina and Rita, the SBA is waiving the usual requirement for the submission of tax returns and monthly sales analyses for the prior three years.

As of October 24, 2005, the SBA had approved:

- \$182,854,800 in disaster loans to 2,726 individuals and businesses in the Gulf region—including \$168,971,800 to 2,533 homeowners and renters in the region
- \$8,944,600 in business physical disaster loans to 119 recipients
- \$4,938,100 in economic injury disaster loans to 74 recipients

The affected states have benefited as follows:

- **Louisiana:** 1,228 disaster loans approved for \$83,808,600.
 - Home loans: 1,153 approved for \$77,776,500.
 - Business physical disaster loans: 45 for \$3,935,800
 - Economic injury disaster loans: 30 for \$2,096,300.
- **Mississippi:** 1,233 disaster loans approved for \$89,548,800.
 - Home loans: 1,155 approved for \$83,412,100.
 - Business physical disaster loans: 46 for \$3,934,000.
 - Economic injury disaster loans: 32 for \$2,202,700.
- **Alabama:** 258 disaster loans approved for \$9,356,900.
 - Home loans: 220 approved for \$7,694,300.
 - Business physical disaster loans: 27 for \$1,028,400.
 - Economic injury disaster loans: 11 for \$634,200.