

Low-interest Disaster Loans Fuel South Dakota Recovery

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SIOUX FALLS, S.D. – South Dakotans are putting low-interest disaster loans to good use in their recovery from September's severe storms, tornadoes and flooding.

These federal disaster loans from the U.S. Small Business Administration (SBA) are being used to:

- Make home repairs not covered by insurance;
- Replace clothing, appliances, vehicles and other personal property;
- Make improvements to reduce the risk of future damage; and
- Repair or replace disaster-damaged business real estate, machinery & equipment, or inventories.

SBA loans are the major source of federal disaster recovery funding to pay for repair or replacement costs not fully covered by insurance or other compensation. Homeowners and renters may be eligible for SBA's direct loans at low rates and long terms which make them an attractive recovery option. Disaster loans are also offered to businesses of all sizes and private nonprofit organizations as well.

Most individuals, and all businesses and nonprofits who register for assistance with FEMA are referred to SBA to apply for these low-interest loans. Completing an application is an important step in the recovery process because it may lead the applicant to other aid programs. No one is obligated to accept a loan, if offered. There is no cost to apply, and borrowers accept only the funds they need.

SBA can lend homeowners up to \$200,000 to repair or replace their home and up to \$40,000 for homeowners and renters to repair or replace personal property. Businesses and nonprofits, including landlords, may borrow up to \$2 million for physical losses and working capital needs.



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To help meet working capital needs caused by the disaster, SBA offers Economic Injury Disaster Loans to small businesses, small agricultural cooperatives, small businesses engaged in aquaculture and most private nonprofit organizations. Economic injury assistance is available regardless of whether the business suffered any property damage.

If your SBA loan application is approved, you may be eligible for additional funds to cover the cost of improvements that will protect your property against future damage. Examples of improvements include retaining walls, property elevation, sump pumps, etc.

This mitigation money would be in addition to the approved loan amount, up to 20 percent of your total physical damages as verified by SBA.

SBA's disaster loans have distinct advantages:

- Loans are as low as 1.75 percent for home loans and 4 percent for business loans
- There are no points or application fees
- Loans are available before insurance settlements are made
- SBA can offer loans based on today's cost of replacing damaged real estate and property

The deadline to file for an SBA disaster loan for physical losses is Jan. 17, 2020.

Online applications are available at disasterloan.sba.gov/ela. Residents and businesses can apply in person at any Disaster Recovery Center while open in South Dakota.

For questions or center locations, call SBA's Customer Service Center at (800) 659-2955 or (800) 877-8339 TTY, or email disastercustomerservice@sba.gov, or visit the SBA's disaster assistance website at sba.gov/disaster.

For small businesses and most private non-profit organizations, the deadline to return economic injury-only applications, without physical damages, is Aug. 18, 2020.

