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U.S. Small Business Administration to Offer Disaster Loans with No Interest and No Payments for First Year

WASHINGTON – Today, [Administrator Isabella Casillas Guzman](#), head of the [U.S. Small Business Administration \(SBA\)](#) and the voice in President Biden’s Cabinet for America’s 33 million small businesses, announced the Agency will waive the interest rate for the first year on new disaster loans and extend the initial payment deferral period automatically to 12 months.

“We must ensure that communities struck by disaster have the help they need to recover in the wake of natural disasters, and the Biden-Harris Administration is 100 percent focused on finding more ways to assist,” said Administrator Isabella Casillas Guzman. “Our zero-interest disaster loan and payment deferral solutions add new tools to our toolbox to help small business owners gain flexibility as they work to invest, reopen, and get back to business. Disaster-impacted residents in Florida, Puerto Rico, and others facing disaster can count on the SBA to help in any way it can in the days and months ahead.”

New disaster loan borrowers will now have up to one year from the date of the note to begin making payments, instead of the standard five months. Interest on the loan will not begin to accrue until 12 months from the date of the initial loan disbursement. Previously, interest begins to accrue on all disbursed loan funds including during the initial payment deferral period. Today’s announcement will benefit disaster survivors and help them to decrease the overall cost of recovery by setting the interest rate to 0% for the first 12 months and reducing the overall amount of accrued interest they must repay.

SBA disaster loans offer individuals and businesses direct access to affordable financial assistance to help fully repair or replace disaster-damaged property. By offering affordable loans with no interest and no payments for the first year, and low fixed-interest rates for the remaining 30-year term, SBA is maximizing disaster survivors’ likelihood of a successful recovery and minimizing further financial hardship.

The extended deferral to 12 months is automatic and loan borrowers do not need to take any additional action. There is no prepayment penalty and borrowers can begin making loan payments during the deferral period if they choose.

The change is effective for all disaster loans approved in response to a disaster declared on or after September 21, 2022, through September 30, 2023. The effective date covers SBA disaster loans currently available for Hurricane Fiona and Hurricane Ian declared earlier this year. SBA

does not have the authority to forgive interest that has already accrued on disbursed loan funds.

Borrowers who already received a loan for a disaster declared after the September 21 effective date will also receive an automatic extension of their first payment due date to 12 months and 0% interest. SBA will notify eligible borrowers of their loan modification and they will not need to submit a request to receive this automatic benefit.

As of December 5, 2022, SBA has approved \$1.2 billion for residents and businesses impacted by Hurricanes Fiona and Ian.

About SBA Disaster Loans

Businesses and private nonprofit organizations of any size may borrow up to \$2 million to repair or replace disaster-damaged or destroyed real estate, machinery and equipment, inventory, and other business assets. For small businesses, small agricultural cooperatives, small businesses engaged in aquaculture, and most private nonprofit organizations, the SBA offers [Economic Injury Disaster Loans \(EIDLs\)](#) to help meet working capital needs caused by the disaster. Economic Injury Disaster Loan assistance is available regardless of whether the business suffered any physical property damage.

Disaster loans up to \$200,000 are available to homeowners to repair or replace disaster-damaged or destroyed real estate. Homeowners and renters are eligible for up to \$40,000 to repair or replace disaster-damaged or destroyed personal property.

Interest rates are **zero percent** for the first year and are as low as **3.04** percent for businesses, **1.875** for nonprofit organizations, and **2.188** percent for homeowners and renters, after the first year with terms up to 30 years. The initial payment is deferred automatically for 12 months from the date of the Note. Loan amounts and terms are set by the SBA and are based on each applicant's financial condition.

Building back smarter and stronger can be an effective recovery tool for future disasters, and President Biden has made climate preparedness and adaptation a priority for his Administration. SBA encourages applicants to consider mitigation measures that may reduce future disaster damages. Applicants may be eligible for a loan increase up to 20 percent of their verified physical damages for mitigation purposes. Eligible mitigation improvements may include a safe room or storm shelter, sump pump, elevation, retaining walls, and landscaping to help protect property and occupants from future damage caused by a similar disaster.

SBA reviews disaster loan applicants for eligibility, satisfactory credit, and repayment ability when determining if they qualify for assistance. Applicants must have satisfactory credit, acceptable to SBA, and can afford the additional debt burden from a new disaster loan to be approved. SBA's criteria for acceptable credit is more flexible than traditional lenders, banks, credit unions, and other financial institutions.

How to apply

To be considered for all forms of disaster assistance, applicants should register online at DisasterAssistance.gov or download the FEMA mobile app. If online or mobile access is unavailable, applicants should call the FEMA toll-free helpline at 800-621-3362. Those who use 711-Relay or Video Relay Services should call 800-621-3362.

Applicants may apply online using the Electronic Loan Application (ELA) via SBA's secure website at <https://disasterloanassistance.sba.gov/ela/s/>.

Disaster loan information and application forms may also be obtained by calling the SBA's Customer Service Center at 800-659-2955 (if you are deaf, hard of hearing, or have a speech disability, please dial 7-1-1 to access telecommunications relay services) or by sending an email to DisasterCustomerService@sba.gov. Loan applications can be downloaded from the SBA's website at sba.gov/disaster. Completed applications should be mailed to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

About the U.S. Small Business Administration

The U.S. Small Business Administration helps power the American dream of business ownership. As the only go-to resource and voice for small businesses backed by the strength of the federal government, the SBA empowers entrepreneurs and small business owners with the resources and support they need to start, grow, expand their businesses, or recover from a declared disaster. It delivers services through an extensive network of SBA field offices and partnerships with public and private organizations. To learn more, visit www.sba.gov.