



OREGON OFFICE OF EMERGENCY MANAGEMENT

SBA Assistance FAQ for Local Emergency Program Managers

How does the SBA define “Disaster”?

“Disasters are sudden events which cause severe physical damage, and do not include slower physical occurrences such as shoreline erosion or gradual land settling. However, for purposes of economic injury disaster loans only, they do include droughts and below average water levels... on any body of water in the United States that supports commerce by small businesses. Sudden events that cause substantial economic injury may be disasters even if they do not cause physical damage to a victim’s property.”
[Excerpted from 13 CFR 123.2]

What is the Physical Disaster Loan Program?

Business Physical Disaster Loans are loans to businesses to repair or replace disaster-damaged property owned by the business, including real estate, inventories, supplies, machinery and equipment. Businesses of any size are eligible. Private, nonprofit organizations such as charities, churches, private universities, etc., are also eligible.

Home Disaster Loans are loans to homeowners or renters to repair or replace disaster-damaged real estate and personal property, including automobiles.

Declaration Criteria

Criteria used by the SBA [13 CFR 123.3] in analyzing a request for an Administrator’s physical disaster declaration are that in any county or other political subdivision of a state, a combination of at least 25 homes, businesses, or other eligible institutions have each sustained uninsured losses of 40% or more of their estimated fair market replacement value or pre-disaster fair market value, whichever is lower. For example, the eligibility criteria will have been met if 25 families are tenants in one apartment building, and each suffers a 40% uninsured loss. Likewise, if 25 separate businesses are tenants of one building, and each business suffers a 40% uninsured loss, the criteria have been met.

The physical disaster criteria can also be met if at least three businesses have sustained uninsured losses of 40% or more of their estimated fair market replacement value or pre-disaster fair market value, whichever is lower; and as a direct result of the physical damage, 25% or more of the work force in the community would be unemployed for at least 90 days.

Physical disaster declarations are also sometimes automatically made when the President declares a major disaster.

What is the Economic Injury Disaster Loan (EIDL) Program?

When disaster damage is insufficient to meet U.S. Small Business Administration (SBA) Physical Disaster criteria, or in cases where there is little or no physical damage to businesses, but rather a loss of sales and revenue due to the disaster, the Governor may request that Economic Injury Disaster Loans be made available by the SBA Administrator. Economic injury loans can only be made available to small businesses.

Economic Injury Disaster Loans are working capital loans to help small businesses, small agricultural cooperatives, small businesses engaged in aquaculture, and most private nonprofit organizations of all sizes meet their ordinary and necessary financial obligations that cannot be met as a direct result of the disaster. These loans are intended to assist through the disaster recovery period February 27, 2019

Declaration Criteria

Criteria used by the SBA in analyzing a request for an economic injury declaration are that at least five small businesses in the state have suffered substantial economic injury due to a sudden physical event, and there is not reasonable financial assistance available in the area. [See 13 CFR 123.3(a)(5).] Only Economic Injury Disaster Loans are available under this criterion. EIDL is always an automatic tie-on to physical disaster declarations. Economic injury disaster declarations are also sometimes automatically made when the President declares a major disaster.

The Local Emergency Program Manager or his/her designee should locate more than five (a dozen to twenty is ideal) small businesses in their jurisdiction that have suffered substantial economic injury due to the event and are willing to complete an *Estimated Disaster Economic Injury Worksheet for Businesses*.

The SBA has asked OEM *not* to make this Worksheet routinely available on its website to avoid confusion, and because the SBA disaster staff who serve the region that includes Oregon want to know when these Worksheets have been provided to businesses due to a disaster event. The Worksheet will be provided to Local Emergency Program Managers or their designee when a disaster has occurred that may meet the SBA criteria for a declaration. Completing a Worksheet does not commit the entity to applying for a loan if a declaration is made, nor guarantee that a loan will be provided.

What about nearby counties with similar disaster losses?

Generally with SBA declarations, eligible applicants in counties contiguous to declared counties are also eligible to apply. This contiguous county provision applies even if the counties in question are across a state line.

For more information

For more information or to work through the details associated with possibly making a request for an SBA declaration, please contact Joseph Murray: joseph.murray@state.or.us or 503-378-3929.

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