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Understanding How Disaster Declarations Are Made

All declaration requests must come from the Governor or authorized representative. The Governor can ask for a Presidential disaster declaration or a Small Business Administration (SBA) Administrative declaration, depending upon the severity of the disaster. A Presidential declaration makes many Federal and State programs available, including SBA loans. An SBA declaration makes only SBA loans available.

Presidential Declarations

The Governor contacts the [Federal Emergency Management Agency](#) (FEMA) if the State believes damages justify a Presidential declaration. FEMA conducts a Preliminary Damage Assessment (PDA) of the area. We join FEMA, State and local representatives in the PDA when the damages include homes and businesses. If the PDA shows enough damages, the Governor can ask for a declaration. FEMA forwards the Governor's request and the PDA results to the President for a decision. If the President declares the area for Individual Assistance, SBA offers physical and economic injury loans in the declared counties and economic injury (EI) loans only in contiguous counties.

SBA Administrative Declarations

If the damages are less extensive the Governor can ask for an SBA declaration. When the Governor's request for assistance is received, a survey of the damaged area(s) is conducted with State and local officials, and the results are submitted to the Administrator for a decision. When the Administrator of SBA declares an area, both primary and adjacent counties are eligible for the same assistance.

- SBA will make a physical disaster declaration when:

At least 25 homes (primary residences) and/or businesses in a county have uninsured losses of 40% or more of their estimated fair replacement value (Secondary homes, condominium units, cabins, camps, lake homes, etc., used for recreational purposes are not included in the count.)

or

At least three (3) businesses have uninsured loss of 40% or more of their estimated fair replacement value and, as a direct result of the damages, 25% of the work force in the community would be unemployed for at least 90 days.

- SBA will make an economic injury disaster declaration when:

A Governor certifies that at least 5 small businesses in a disaster area have suffered substantial economic injury as a result of the disaster and are in need of financial assistance not otherwise available on reasonable terms,

or

The Secretary of Agriculture designates an area as an agricultural disaster area. SBA may make Economic Injury Disaster Loans to small business concerns and small agricultural cooperatives in the designated counties without credit available elsewhere,

or

The Secretary of Commerce makes a commercial fishery failure or fishery resource disaster under Section 308(b) of the Interjurisdictional Fisheries Act of 1986.

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[Title 13, Volume 1]
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[Page 338-339]

TITLE 13--BUSINESS CREDIT AND ASSISTANCE

CHAPTER I--SMALL BUSINESS ADMINISTRATION

PART **123**--DISASTER LOAN PROGRAM-

Sec. **123.3** How are disaster declarations made?

(a) There are four ways in which disaster declarations are issued which make SBA disaster loans possible:

(1) The President declares a Major Disaster, or declares an emergency, and authorizes Federal Assistance, including individual assistance (Assistance to Individuals and Households Program).

(2) If the President declares a Major Disaster limited to public assistance only, a private nonprofit facility which provides non-critical services under guidelines of the Federal Emergency Management Agency (FEMA) must first apply to SBA for disaster loan assistance for such non-critical services before it could seek grant assistance from FEMA.

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(3) SBA makes a physical disaster declaration, based on the occurrence of at least a minimum amount of physical damage to buildings, machinery, equipment, inventory, homes and other property. Such damage usually must meet the following tests:

(i) In any county or other smaller political subdivision of a State or U.S. possession, at least 25 homes or 25 businesses, or a combination

of at least 25 homes, businesses, or other eligible institutions, each sustain uninsured losses of 40 percent or more of the estimated fair replacement value or pre-disaster fair market value of the damaged property, whichever is lower; or

(ii) In any such political subdivision, at least three businesses each sustain uninsured losses of 40 percent or more of the estimated fair replacement value or pre-disaster fair market value of the damaged property, whichever is lower, and, as a direct result of such physical damage, 25 percent or more of the work force in their community would be

unemployed for at least 90 days; and

(iii) The Governor of the State in which the disaster occurred submits a written request to SBA for a physical disaster declaration by SBA (OMB Approval No. 3245-0121). This request should be delivered to the SBA Disaster Area Office serving the region where the disaster occurred within 60 days of the date of the disaster.

(4) SBA makes an economic injury disaster declaration in response to a determination of a natural disaster by the Secretary of Agriculture.

(5) SBA makes an economic injury declaration in reliance on a state certification that at least 5 small business concerns in a disaster area have suffered substantial economic injury as a result of the disaster and are in need of financial assistance not otherwise available on reasonable terms. The state certification must be signed by the Governor, must specify the county or counties or other political subdivisions in which the disaster occurred, and must be delivered (with supporting documentation) to the servicing SBA Disaster Area Office within 120 days of the disaster occurrence. The Administrator may, in a case of undue hardship, accept such request after 120 days have expired.

(b) SBA publishes notice of any disaster declaration in the Federal Register. The published notice will identify the kinds of assistance available, the date and nature of the disaster, and the deadline and location for filing loan applications. Additionally, SBA will use the local media to inform potential loan applicants where to obtain loan applications and otherwise to assist victims in applying for disaster loans. SBA will accept applications after the announced deadline only when SBA determines that the late filing resulted from substantial causes beyond the control of the applicant.

[61 FR 3304, Jan. 31, 1996, as amended at 64 FR 13667, Mar. 22, 1999;
67
FR 64518, Oct. 21, 2002]