



# SBA Mitigation Disaster Loan

## Frequently Asked Questions

### **What is a mitigation loan?**

SBA mitigation loans provide additional funds to eligible homeowners and businesses to rebuild in ways which may reduce or eliminate the risk of future disaster-related damages. These funds help borrowers rebuild safer and stronger. Mitigation measures make properties more resilient to future hazards like earthquakes, hurricanes, floods, wildfires, or disasters.

### **What are the benefits of mitigation?**

Mitigation helps disaster survivors rebuild safer and stronger. It protects lives, helps reduce future property losses, enhances operational continuity and business resiliency, can lower insurance premiums, can increase property value, and may be required for building code compliance.

### **Is a mitigation loan from SBA expensive?**

SBA mitigation loans have the same terms as SBA's physical disaster loans. This makes SBA mitigation funds an affordable and flexible option for disaster survivors.

### **How much can I borrow for mitigation purposes?**

For a homeowner, the loan limit for mitigation is 20% of the verified physical damage loss up to a maximum of \$500,000. For example, if your verified losses were \$100,000, you could get up to an additional \$20,000 in mitigation funds. For a business owner, the loan limit for mitigation is up to 20% of the verified losses, subject to the \$2 million legislative limit.

### **What are my next steps to apply for 20% mitigation?**

Log into your [MySBA Loan Portal](https://lending.sba.gov/) at <https://lending.sba.gov/>. You can securely access your loan information and request a loan modification to increase your loan for mitigation.

### **Can I receive a mitigation only loan?**

No, SBA does not offer mitigation only loans. Mitigation funds are only available as an increase to an approved SBA disaster loan for physical damages to real estate or personal property. You must apply and be approved for physical damage from a declared disaster. After approval, you can request additional loan funds for mitigation, up to 20% of the verified loss, to help protect your property from future disasters.



### **Can I use my current SBA physical disaster loan for my mitigation project?**

No, you must specifically request and get approval for mitigation funds. Physical disaster loan funds are to be used towards repair or replacement of damaged property due to a declared disaster. Mitigation loan funds are additional funds (up to 20% of the verified physical damage) provided to improve the property to withstand future disasters.

### **How can I apply for additional mitigation funds to protect my home from future disasters?**

First, you must already accept the SBA disaster loan for the physical damage recovery or be applying for one. You can request an increase in funds for mitigation by logging into your [MySBA Loan Portal](https://lending.sba.gov/) <https://lending.sba.gov/>. You must submit a proposal describing the mitigation measure to be installed along with a cost estimate. We encourage you to reach out to your loan officer or case manager for further information.

### **Can the mitigation funds cover costs for permits and engineering studies?**

Yes, mitigation funds can cover certain costs related to building mitigation measures including engineering studies and permits, if they are directly associated with the proposed mitigated projects and are determined to be necessary for the completion of those projects.

### **Can I use mitigation funds for relocation-related improvements?**

No. Mitigation funds cannot be used for relocation. SBA's mitigation loan program is specifically designed to fund improvements which can make the property more resilient to future disasters.

### **Do I need to provide detailed plans or contractor quotes when I apply for mitigation funds?**

Yes, when applying for mitigation funds, you typically need to provide detailed plans or contractor quotes and or estimates for the proposed mitigation projects. This helps show which proposed mitigation is necessary and practical, as well as provide an estimate of the cost.

### **At what part of the application process do I request mitigation?**

You can request mitigation funds anytime in the process. Mitigation funds can be requested when you apply for an SBA disaster loan, or you can ask for an increase before the loan is finalized. Even if your loan has already been approved, you can still request additional mitigation funds before full disbursement. If you decide that you need mitigation funds after you have received your loan, you can request an increase up to **two years** of the loan approval date.

### **What happens if the mitigation project costs more than estimated?**

If the cost of a mitigation project is more than the initial estimate you may be able to request additional funds. However, keep in mind, additional funds must meet specific conditions. SBA must review the updated proposal to see if the costs are appropriate to approve the increase.



**If another disaster occurs while having mitigation improvements in place, am I still eligible for additional assistance in the future?**

Yes, having mitigation measures in place does not make you ineligible for future assistance if another disaster occurs. SBA disaster assistance is available even if you've previously received funds for mitigation efforts.

**Does the cost of the required building code upgrades need to be requested as part of mitigation, or can those costs be included in the physical damage loan?**

The cost of required building code upgrades does not need to be requested as part of mitigation funding and can be included in the physical damage loan. If the costs to rebuild your property are more than the \$500,000 physical disaster loan limit, you can add necessary upgrades which may help prevent future damage, subject to the mitigation guidelines and loan limits.

**What is included in real estate repair and what are the limits for funding?**

Real estate damage includes all physical damage to a primary residence and ancillary structures, landscaping, land and land improvements, relocation costs, and allowable upgrading.

**Does your home have to be substantially damaged to get a mitigation funds?**

No, your home does not have to be substantially damaged to qualify for mitigation funds through the SBA.

**Is there any way to access mitigation with an EIDL loan?**

No, Economic Injury Disaster Loans (EIDL) do not include mitigation funds. EIDL loans are for economic injury, not physical repairs. EIDLs are designed to help businesses recover from lost revenue due to a disaster. If you want mitigation funds you must apply for a physical disaster loan.