

Program offers loans to residents with losses

Funds can help business owners, homeowners and those who rent

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Federal government loans to rebuild after Ike are available to residents and business owners after they have exhausted FEMA grants and their own insurance.

The program is run by the U.S. Small Business Administration — but don't be fooled by the name. The low-interest loans are available to homeowners, renters, nonprofits and businesses of all sizes that have been affected by a disaster.

During the devastating floods in Iowa last June, the SBA Disaster Assistance program approved 3,441 applications for a total of \$229 million in loans. More than half of the applicants were homeowners or renters.

"We're looking at the difference between what the recovery is from insurance and grants, and the actual cost of the damage," said Burl Kelton, a spokesman working in Galveston on Monday. "We're filling that gap."

Name confusion

The program suffers from publicity problems

because the SBA administers it, and residents of disaster areas incorrectly assume that they can't apply for these disaster-recovery loans, said Ron Foss, an SBA spokesman in Sacramento. Also, the program only offers loans.

"People want grants, not loans, which is perfectly understandable," Foss said.

But people choosing to rebuild in a damaged area, or reopen a business, should know that even a small loan could help them on their feet again, when grant money is gone, Kelton said.

Word of warning

Businesses can borrow up to \$2 million for property damage and/or economic injury, and rates begin at 4 percent.

Homeowners can borrow up to \$200,000 for repairs not covered by insurance, or if they are uninsured. Rates for homeowners begin at 2.875 percent. Renters can borrow up to \$40,000 to replace personal property.

One word of warning: Homeowners should resist the temptation to take insurance damage payouts and use them to pay off a mortgage balance, Foss said. If they are thinking of applying for an SBA loan, doing that could jeopardize the amount for which they are eligible, so call to discuss that with the SBA Disaster Assistance program.

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