



OFFICE OF THE ADMINISTRATOR

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

October 10, 2024

The Honorable Chris Van Hollen, Chair
The Honorable Bill Hagerty, Ranking Member
Subcommittee on Financial Services and General Government
Committee on Appropriations
United States Senate
Washington, D.C. 20510

The Honorable David Joyce, Chairman
The Honorable Steny Hoyer, Ranking Member
Subcommittee on Financial Services and General Government
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Van Hollen and Joyce, Senator Hagerty, and Congressman Hoyer:

I write to request your assistance securing additional funding to support the Small Business Administration's (SBA) Disaster Loans Program. Without additional funding from Congress, SBA will be unable to make new disaster loans in current and future disasters – a disruption that has not occurred since Hurricane Katrina. SBA is managing 36 disasters across 24 states, and is now experiencing a surge in disaster lending as a result of Hurricane Helene and Hurricane Milton that is quickly exhausting our remaining disaster lending balances. Without additional funding, SBA will be forced to halt disbursing disaster funds as soon as next week and will be unable to provide urgent financial relief to the small businesses, nonprofits, homeowners, and renters impacted by Hurricane Helene, Hurricane Milton, and other disasters. Small businesses and individuals in affected areas depend on disaster loans as a critical lifeline during difficult times. In fact, for individual disaster survivors, SBA loans are often the largest source of Federal disaster recovery funds.

SBA disaster loans are a proven and important resource to help communities impacted by disaster rebuild and recover by offering low-interest direct loans with flexible terms that are unavailable in the private sector including one year of no interest and deferred payments. In coordination with the Federal Emergency Management Agency (FEMA), other Federal agencies, and state and local entities, the SBA helps small businesses prepare for disasters and provides affordable, timely, and accessible financial assistance to businesses of all sizes, nonprofit organizations, homeowners, and renters following a disaster. In FY 2024, SBA approved over 23,000 disaster loans totaling \$1.6 billion in 160 disaster declarations across 53 states and territories.

Today, more than 37,000 American homeowners, renters, businesses and nonprofit organizations have disaster loan applications pending credit decisions at SBA to help recover. The SBA has already begun lending for Hurricane Helene with more than 16,000 completed applications to date, and estimated lending is projected to approach historic levels given the widespread damage across multiple states. Hurricane Helene is expected to significantly exceed lending activity related to Hurricane Beryl which

has more than 32,000 completed disaster loan applications to date. SBA staff continue to work to provide customer service to borrowers across the nation and the agency has deployed more than 370 personnel at 138 Disaster and Business Recovery Centers. New locations will be added soon as part of Hurricane Helene recovery efforts.

At a time when many disaster survivors are looking for help and support, a lack of SBA disaster loans will impact recovery across the nation. Homeowners will be unable to access low-interest rate loans to replace their personal property damaged in a storm. Small businesses will be unable to access SBA funding to replace damaged equipment or inventory and cover economic injury from business disruption. For those who have experienced physical damage to their properties, no SBA funding will be available to homeowners, renters, small businesses or nonprofits seeking to rebuild. Some reconstruction projects may be placed on hold and many small businesses may not be able to reopen without SBA disaster loans. Without SBA disaster lending, survivors may be forced to seek higher-cost options in the private sector – if they can secure funding at all. SBA is often the lender of last resort for many disaster borrowers who cannot access credit elsewhere.

Even once federal funding is exhausted and SBA can no longer provide disaster loans, SBA plans to continue our disaster mission. SBA will continue to accept and process applications up to the point of offer so that we are poised to disburse funds quickly once Congress provides additional funds. We will provide in-person support at Disaster and Business Recovery Centers so that survivors are aware of the resources available to them. SBA will make clear to survivors that while our disaster loan application remains open, our ability to make new offers is subject to the availability of funding, pending Congressional approval. By continuing to process applications, provide customer service support, and communicate directly with survivors, SBA will work to minimize confusion and delays.

Americans do not know where the next disaster will occur, but helping our fellow citizens recover from disaster is a responsibility we all share. SBA looks forward to working with Congress to secure federal resources necessary to avert an unnecessary shutdown of SBA's critical disaster lending program.

Sincerely,

A handwritten signature in black ink, appearing to read "Isabella Casilla Guzman". The signature is fluid and cursive, written in a professional style.

Isabel Casillas Guzman
Administrator

CC: Senate and House Small Business Committees