



Supplemental Appropriations: SBA Disaster Loan Account

Updated July 28, 2021

Introduction

The Small Business Administration (SBA) Disaster Loan Program provides direct loans to businesses, private nonprofit organizations, and households to help them rebuild and recover from federally certified disasters. The SBA Disaster Loan Program divided into two loans types: (1) Home Disaster Loans, and (2) Business Disaster Loans.

SBA Home Disaster Loans are comprised of two subcategories of lending programs:

Real Property Disaster Loans

SBA Real Property Disaster Loans provide eligible homeowners up to **\$200,000** to repair or restore the homeowner's primary residence to its pre-disaster condition. The loans cover uninsured or underinsured loss and may not be used to upgrade a home or build additions to the home, unless the upgrade or addition is required by city or county building codes. Secondary homes or vacation properties are ineligible for SBA Real Property Loans. SBA Real Property Disaster Loans have maturities of up to 30 years that are based on the applicant's needs and ability to pay, and an interest rate of no more than 4% for applicants unable to obtain credit elsewhere, and no more than 8% for applicants that can obtain credit elsewhere.

Personal Property Disaster Loans

SBA Personal Property Disaster Loans provide creditworthy homeowners or renters located in a declared disaster area with up to **\$40,000** to repair or replace personal property owned by the disaster survivor. SBA Personal Property Loans cover uninsured or underinsured loss and can be used to repair or replace clothing, furniture, cars, or appliances damaged or destroyed in the disaster. SBA Personal Property Disaster Loans have maturities up to 30 years that are based on the applicant's needs and ability to pay, and an interest rate of no more than 4% for applicants unable to obtain credit elsewhere, and no more than 8% for applicants that can obtain credit elsewhere.

SBA Business Disaster Loans are provided to eligible businesses and private nonprofit organizations and are comprised of two subcategories of lending programs:

Business Physical Disaster Loans

SBA Business Physical Disaster Loans are available to businesses of all sizes and nonprofit organizations. SBA Business Physical Disaster Loans provide up to **\$2 million** to repair or replace uninsured or underinsured damaged physical property, including machinery, equipment, fixtures, inventory, and leasehold improvements that are not covered by insurance. SBA Business Physical Disaster Loans have maturities up to 30 years, and an interest rate of no more than 4% for applicants unable to obtain credit elsewhere, and no more than 8% for applicants that can obtain credit elsewhere.

Economic Injury Disaster Loans

SBA EIDLs provide small businesses and nonprofit organizations up to **\$2 million** to help meet financial obligations and operating expenses that could have been met had the disaster not occurred. Loan proceeds can only be used for working capital necessary to enable the business or organization to alleviate the specific economic injury and to resume normal operations. SBA EIDLs have maturities up to 30 years, and an interest rate of no more than 4%.

In addition to the above lending programs, Congress established the "[Emergency EIDL grant](#)" program and [Targeted EIDL Advances](#) in response to the Coronavirus Disease 2019 (COVID-19) pandemic's

widespread adverse economic impact on the national economy. Both programs provide funding to eligible businesses that does not have to be repaid.

SBA Disaster Loan Account

The above SBA programs are funding through the SBADisaster Loan Account. The SBADisaster Loan Account is a “no year” account, meaning that funding does not lapse at the end of the fiscal year. Rather, any remaining funds are rolled over to the next fiscal year. In addition to rolled over funds (if available), the SBA Disaster Loan Account is funded through annual appropriations, supplemental appropriations, and revenue from disaster loan payments (including interest on the loans).

Appropriations for disaster loan administration and servicing (including disaster loan credit subsidies to account for loan defaults), and disaster loan revenues (loan payments and default collateral recoveries) replenish the SBA Disaster Loan Account. As funding comes into the account, SBA disaster loans are paid as installments. Each dollar of disaster loan credit subsidy supports about seven dollars in disaster lending authority.

In both FY2020 and FY2021, the SBA received an appropriation of \$168.1 million for disaster assistance. As indicated in **Table 1**, the SBA also received roughly \$70.6 billion in supplemental appropriations for disaster assistance in FY2020 and \$35 billion in supplemental disaster assistance in FY2021 to assist small businesses affected by COVID-19.

Table 1. Supplemental Appropriations: SBA Disaster Loan Account
FY2020-FY2021

Public Law Number, Division, and Bill Title	Appropriation	Purpose
FY2020		
P.L. 116-123, Division A Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020	\$20,000,000	P.L. 116-123 appropriated \$20 million to carry out administrative expenses associated with the SBA Disaster Loan Program
P.L. 116-136, Division B CARES Act	\$10,562,000,000	P.L. 116-136 appropriated \$10 billion for Emergency EIDL Grants and \$562 million to support EIDL
P.L. 116-139, Division B Paycheck Protection Program and Health Care Enhancement Act	\$60,000,000,000	P.L. 116-139 appropriated \$10 billion for Emergency EIDL Grants, and \$50 billion to support EIDL
FY2021		
P.L. 116-260, Division M ^a Coronavirus Response and Relief Supplemental Appropriations Act, 2021	\$20,000,000,000	P.L. 116-260 appropriated \$20 billion for Emergency EIDL Grants, of which \$20,000,000 shall be made available to the Inspector General of the Small Business Administration to prevent waste, fraud, and abuse.
P.L. 117-2, American Rescue Plan Act of 2021	\$15,000,000,000	P.L. 117-2 appropriated \$10 billion for Targeted EIDL Advances under the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act ^b and \$5 billion for Emergency EIDL grants.

Source: Based on CRS interpretation of appropriation laws.

- a. The bill also included \$168,075,000 for FY2021 regular appropriations to the disaster loan program account within Division E.
- b. See Title III of Division N of [P.L. 116-260](#).

Note: EIDL refers to economic injury disaster loan.

Considerations for Congress

The supplemental appropriations in **Table 1** have not required SBA to submit reports on the funding status of the Disaster Loan Account. Congress has required disaster funding reports from other agencies to delineate funding activities and make estimates on the date on which the funds may be exhausted. For example, after Hurricane Katrina, Congress required the Federal Emergency Management Agency (FEMA) to issue quarterly [reports on the Disaster Relief Fund \(DRF\)](#). The DRF is “an appropriation against which FEMA can direct, coordinate, manage, and fund eligible response and recovery efforts associated with domestic major disasters and emergencies that overwhelm State resources pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act.” The DRF report helps Congress track disaster relief funding activities as well as determine how much funding is available for current and future incidents. The SBA could be required to issue a similar report on the Disaster Loan Account. The report could include information such as the account balance, available lending authority, monthly revenues, and projected costs.

Additional CRS Resources

CRS resources on business recovery include

- CRS Report R46284, *COVID-19 Relief Assistance to Small Businesses: Issues and Policy Options*
 - CRS Report R44412, *SBA Disaster Loan Program: Frequently Asked Questions*
 - CRS Insight IN11301, *Small Businesses and COVID-19: Relief and Assistance Resources*
 - CRS Insight IN11357, *COVID-19-Related Loan Assistance for Agricultural Enterprises*
 - CRS Insight IN11370, *SBA EIDL and Emergency EIDL Grants for COVID-19*
 - CRS Report R46325, *Fourth COVID-19 Relief Package (P.L. 116-139): In Brief*
 - CRS Report R46285, *Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (P.L. 116-123): First Coronavirus Supplemental*
 - CRS Insight IN11402, *The Economic Development Administration’s Economic Recovery Assistance for COVID-19 Impacted Communities*
 - CRS Insight IN11418, *COVID-19: EDA Revolving Loan Funds for Businesses*
 - CRS Insight IN11228, *COVID-19: Federal Economic Development Tools and Potential Responses*
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