

119TH CONGRESS
2D SESSION

H. R. 4238

AN ACT

To improve accountability in the disaster loan program of the Small Business Administration, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Disaster Loan Ac-
3 countability and Reform Act” or the “DLARA”.

4 **SEC. 2. TABLE OF CONTENTS.**

5 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. Definitions.
- Sec. 4. Monthly disaster loan reports.
- Sec. 5. Budget request relating to disaster loans.
- Sec. 6. Limitations on disaster loans.
- Sec. 7. GAO report on SBA disaster loan account.
- Sec. 8. GAO report on disaster loan changes.
- Sec. 9. Budget and forecasting report regarding the cost of direct disaster
loans.

6 **SEC. 3. DEFINITIONS.**

7 In this Act—

8 (1) the terms “Administration” and “Adminis-
9 trator” mean the Small Business Administration
10 and the Administrator thereof, respectively;

11 (2) the term “appropriate committees of Con-
12 gress” means the Committee on Small Business and
13 Entrepreneurship and the Committee on Appropria-
14 tions of the Senate and the Committee on Small
15 Business and the Committee on Appropriations of
16 the House of Representatives; and

17 (3) the term “SBA disaster loan” means a di-
18 rect loan authorized by section 7(b) of the Small
19 Business Act (15 U.S.C. 636(b)), other than a loan
20 that was authorized under section 1110 of the
21 CARES Act (15 U.S.C. 9009).

1 **SEC. 4. MONTHLY DISASTER LOAN REPORTS.**

2 Section 12091(a) of the Small Business Disaster Re-
3 sponse and Loan Improvements Act of 2008 (15 U.S.C.
4 636k(a)) is amended—

5 (1) in paragraph (1)—

6 (A) by striking “during the applicable pe-
7 riod for a major disaster”; and

8 (B) by striking “for that major disaster”;

9 (2) in paragraph (2)—

10 (A) in subparagraph (E), by striking “how
11 long the available funding for such loans will
12 last” and inserting “the date at which available
13 funding for such loans will reach 10 percent of
14 the most recent appropriation and the date at
15 which the funds will be depleted”;

16 (B) in subparagraph (H), by striking
17 “and” at the end;

18 (C) in subparagraph (I), by striking the
19 period at the end and inserting “; and”; and

20 (D) by adding at the end the following:

21 “(J) a summary detailing any changes to
22 estimates or assumptions on obligations and ex-
23 penditures, including data supporting these
24 changes.”; and

25 (3) by adding at the end the following:

1 “(3) PROHIBITION ON OFFICIAL TRAVEL.—If
2 the Administrator does not submit a report required
3 to be submitted under paragraph (1) by the required
4 date, no funds are authorized to be appropriated for
5 official travel by the Administrator until the Admin-
6 istrator submits the report.”.

7 **SEC. 5. BUDGET REQUEST RELATING TO DISASTER LOANS.**

8 Section 1105 of title 31, United States Code, is
9 amended—

10 (1) in subsection (a), by adding at the end the
11 following:

12 “(39) separate statements of—

13 “(A) the amount of appropriations re-
14 quested for the fiscal year for which the budget
15 is submitted for the cost of SBA disaster loans,
16 the 10-year average of the cost of SBA disaster
17 loans, and an explanation for any difference be-
18 tween the amount requested and the 10-year
19 average cost; and

20 “(B) the amount of appropriations re-
21 quested for the fiscal year for which the budget
22 is submitted for the cost of COVID-EIDL
23 loans, the 10-year average of the cost of
24 COVID-EIDL loans, and an explanation for

1 any difference between the amount requested
2 and the 10-year average cost.

3 “(40) separate statements of—

4 “(A) the amount of appropriations re-
5 quested for the fiscal year for which the budget
6 is submitted for administrative costs relating to
7 SBA disaster loans, the 10-year average of such
8 administrative costs, and an explanation for any
9 difference between the amount requested and
10 the 10-year average costs; and

11 “(B) the amount of appropriations re-
12 quested for the fiscal year for which the budget
13 is submitted for administrative costs relating to
14 COVID-EIDL loans, the 10-year average of
15 such administrative costs, and an explanation
16 for any difference between the amount re-
17 quested and the 10-year average costs.”; and

18 (2) by adding at the end the following:

19 “(j) In paragraphs (39) and (40) of subsection (a)—

20 “(1) the term ‘COVID-EIDL loan’ means a di-
21 rect loan under section 7(b) of the Small Business
22 Act (15 U.S.C. 636(b)) that was authorized under
23 section 1110 of the CARES Act (15 U.S.C. 9009);
24 and

1 “(2) the term ‘SBA disaster loan’ means a di-
2 rect loan authorized by section 7(b) of the Small
3 Business Act (15 U.S.C. 636(b)), other than a loan
4 that was authorized under section 1110 of the
5 CARES Act (15 U.S.C. 9009).”.

6 **SEC. 6. LIMITATIONS ON DISASTER LOANS.**

7 Section 7(b) of the Small Business Act (15 U.S.C.
8 636(b)) is amended—

9 (1) by redesignating the second paragraph des-
10 ignated as paragraph (16), relating to statute of lim-
11 itations, as added by the COVID–19 EIDL Fraud
12 Statute of Limitations Act of 2022 (Public Law
13 117–165; 136 Stat. 1363), as paragraph (18); and

14 (2) by inserting after paragraph (16), relating
15 to disaster declarations in rural areas, as added by
16 the Disaster Assistance for Rural Communities Act
17 (Public Law 117–249; 136 Stat. 2350), the fol-
18 lowing:

19 “(17) REQUIREMENTS WHEN FUNDING IS
20 LOW.—Not later than 24 hours after the balance of
21 funds authorized to be appropriated for the cost of
22 direct loans authorized by this subsection is less
23 than 10 percent of the 10-year average annual cost
24 provided in the most recent Presidential budget re-
25 quest required under section 1105(a)(39)(A) of title

1 31, United States Code, or, if unavailable, the 10-
2 year average annual cost for the immediately pre-
3 ceding 10-year period of SBA disaster loans (as de-
4 fined in section 1105(j) of such title), the Adminis-
5 trator shall notify the Committee on Appropriations
6 and the Committee on Small Business and Entrepre-
7 neurship of the Senate and the Committee on Ap-
8 propriations and the Committee on Small Business
9 of the House of Representatives.”.

10 **SEC. 7. GAO REPORT ON SBA DISASTER LOAN ACCOUNT.**

11 (a) REPORT.—Not later than 180 days after the date
12 of enactment of this Act, the Comptroller General of the
13 United States shall submit to the Administrator and the
14 appropriate committees of Congress a report on—

15 (1) the average weekly rate at which the Ad-
16 ministration obligates the unobligated balance of
17 amounts available for the cost of SBA disaster
18 loans;

19 (2) the average amount, during the periods be-
20 ginning on October 1, 2015, and ending on July 31,
21 2023, and beginning on July 31, 2023, and ending
22 on the date of enactment of this Act, respectively,
23 disbursed to a borrower each week, during the initial
24 12-week period in which a borrower receives
25 amounts from an SBA disaster loan, beginning the

1 day after the borrower accepts their loan, separated
2 by home SBA disaster loan borrowers, business SBA
3 disaster loan borrowers, and economic injury disaster loan borrowers; and

5 (3) the average amount of fully disbursed SBA
6 disaster loans, originated during the period beginning on July 31, 2023, and ending on the date of
7 enactment of this Act, with separate averages for
8 SBA disaster loans delineated by home, business,
9 and economic injury disaster loans.

11 (b) RESPONSE.—Not later than 90 days after the
12 date on which the Comptroller General of the United
13 States submits the report under subsection (a), the Administrator shall submit to the appropriate committees of
14 Congress a response to the report, including an implementation plan for any recommendations in the report.

17 **SEC. 8. GAO REPORT ON DISASTER LOAN CHANGES.**

18 (a) DEFINITION.—In this section, the term “covered
19 final rule” means—

20 (1) the final rule entitled “Disaster Assistance
21 Loan Program Changes to Maximum Loan Amounts
22 and Miscellaneous Updates” (88 Fed. Reg. 39335
23 (June 16, 2023); RIN 3245–AH91); or

24 (2) the final rule entitled “Disaster Assistance
25 Loan Program Changes to Unsecured Loan

1 Amounts and Credit Elsewhere Criteria” (89 Fed.
2 Reg. 59826 (July 24, 2024); RIN 3245–AI08).

3 (b) REPORT.—Not later than 1 year after the date
4 of enactment of this Act, the Comptroller General of the
5 United States shall submit to the appropriate committees
6 of Congress a report on—

7 (1) the cost (as defined in section 502 of the
8 Federal Credit Reform Act of 1990 (2 U.S.C.
9 661a)) of the increase in the home loan lending lim-
10 its for, the extension of the deferment period for, the
11 expansion of mitigation options for, the modifica-
12 tions to the criteria for determining whether appli-
13 cants can obtain credit elsewhere with respect to, the
14 changes to collateral requirements for, and other
15 changes to the terms and conditions of loans under
16 section 7(b)(1) of the Small Business Act (15 U.S.C.
17 636(b)(1)) made by the covered final rules; and

18 (2) the effect on the subsidy for such loans of
19 the changes contained in the covered final rules.

20 **SEC. 9. BUDGET AND FORECASTING REPORT REGARDING**
21 **THE COST OF DIRECT DISASTER LOANS.**

22 (a) BUDGET FORMULATION AND FORECASTING.—
23 Not later than 30 days after the date of enactment of this
24 Act, the Administrator shall submit to the appropriate
25 committees of Congress a report detailing corrections the

1 Administration will make to improve forecasting, data
2 quality, and budget assumptions relating to budget sub-
3 missions relating to amounts made available for the cost
4 of SBA disaster loans.

5 (b) UPDATES.—Not later than 90 days after the date
6 of enactment of this Act, and every 90 days thereafter
7 until the date that is 90 days after the date on which all
8 the corrections described in subsection (a) have been im-
9 plemented, the Administrator shall submit to the appro-
10 priate committees of Congress a report—

11 (1) detailing the actions the Administration has
12 taken to implement the corrections described in sub-
13 section (a); and

14 (2) explaining how each action detailed under
15 paragraph (1) is directly related to implementing 1
16 or more corrections described in subsection (a).

Passed the House of Representatives June 23, 2026.

Attest:

Clerk.

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