

119TH CONGRESS
1ST SESSION

H. R. 4238

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

IN THE HOUSE OF REPRESENTATIVES

JUNE 27, 2025

Mr. MOORE of North Carolina (for himself, Mr. DAVIS of North Carolina, Mr. EDWARDS, Ms. KING-HINDS, Mr. GIMENEZ, Mr. MURPHY, Mr. DONALDS, Mr. FRY, Mr. CISCOMANI, Mr. ROUZER, and Mr. WILSON of South Carolina) introduced the following bill; which was referred to the Committee on Small Business, and in addition to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

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,*

3 **SECTION 1. SHORT TITLE.**

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

6 **SEC. 2. TABLE OF CONTENTS.**

7 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. SBA Inspector General review.
 Sec. 10. Budget and forecasting report regarding the cost of direct disaster loans.

1 **SEC. 3. DEFINITIONS.**

2 In this Act—

3 (1) the terms “Administration” and “Adminis-
 4 trator” mean the Small Business Administration
 5 and the Administrator thereof, respectively;

6 (2) the term “appropriate committees of Con-
 7 gress” means the Committee on Small Business and
 8 Entrepreneurship and the Committee on Appropria-
 9 tions of the Senate and the Committee on Small
 10 Business and the Committee on Appropriations of
 11 the House of Representatives; and

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

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

18 Section 12091(a) of the Small Business Disaster Re-
 19 sponse and Loan Improvements Act of 2008 (15 U.S.C.
 20 636k(a)) is amended—

1 (1) in paragraph (1)—

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

4 (B) by striking “for that major disaster”;
5 (2) in paragraph (2)—

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

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

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

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

17 “(J) a summary detailing any changes to
18 estimates or assumptions on obligations and ex-
19 penditures, including data supporting these
20 changes.”; and

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

22 “(3) PROHIBITION ON OFFICIAL TRAVEL.—If
23 the Administrator does not submit a report required
24 to be submitted under paragraph (1) by the required
25 date, no funds may be obligated for official travel by

1 the Administrator until the Administrator submits
2 the report.”.

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

4 Section 1105 of title 31, United States Code, is
5 amended—

6 (1) in subsection (a), by adding at the end the
7 following:

8 “(39) separate statements of—

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

16 “(B) the amount of appropriations re-
17 quested for the fiscal year for which the budget
18 is submitted for the cost of COVID-EIDL
19 loans, the 10-year average of the cost of
20 COVID-EIDL loans, and an explanation for
21 any difference between the amount requested
22 and the 10-year average cost.

23 “(40) separate statements of—

24 “(A) the amount of appropriations re-
25 quested for the fiscal year for which the budget

1 is submitted for administrative costs relating to
2 SBA disaster loans, the 10-year average of such
3 administrative costs, and an explanation for any
4 difference between the amount requested and
5 the 10-year average costs; and

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

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

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

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

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

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

2 (a) LOW FUNDING.—Section 7(b) of the Small Busi-
3 ness Act (15 U.S.C. 636(b)) is amended—

4 (1) by redesignating the second paragraph des-
5 ignated as paragraph (16), relating to statute of lim-
6 itations, as added by the COVID–19 EIDL Fraud
7 Statute of Limitations Act of 2022 (Public Law
8 117–165; 136 Stat. 1363), as paragraph (18); and

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

14 “(17) REQUIREMENTS WHEN FUNDING IS
15 LOW.—

16 “(A) IN GENERAL.—Not later than 24
17 hours after the unobligated balance of amounts
18 available for the cost of direct loans authorized
19 by this subsection is less than 10 percent of the
20 10-year average annual cost provided in the
21 most recent Presidential budget request re-
22 quired under section 1105(a)(39)(A) of title 31,
23 United States Code, or, if unavailable, the 10-
24 year average annual cost for the immediately
25 preceding 10-year period of SBA disaster loans
26 (as defined in section 1105(j) of such title), the

1 Administrator shall notify the Committee on
2 Appropriations and the Committee on Small
3 Business and Entrepreneurship of the Senate
4 and the Committee on Appropriations and the
5 Committee on Small Business of the House of
6 Representatives.

7 “(B) LIMITATION ON OBLIGATING
8 FUNDS.—During the period beginning on the
9 first business day occurring on or after the date
10 by which the Administrator is required to notify
11 Congress under subparagraph (A) and ending
12 on the date on which additional amounts are
13 appropriated for such costs, the Administrator
14 may limit the obligation of funds for a direct
15 loan authorized under this subsection to the
16 amount of such a loan for which collateral is re-
17 quired.

18 “(C) AUTHORITY TO LIMIT OBLIGATION OF
19 FUNDS.—In carrying out the authority to enact
20 a limitation under (B), the Administrator shall
21 apply that limitation with respect to amounts
22 obligated for all direct loans authorized under
23 this subsection during the period described in
24 subparagraph (B).

1 “(D) REQUIREMENT TO DISBURSE WITHIN
2 14 DAYS.—If the Administrator exercises the
3 authority under (B), the Administrator shall,
4 not later than 14 days after the date on which
5 additional amounts are appropriated under sub-
6 paragraph (B), obligate and disburse on a reg-
7 ular schedule any remaining amount out-
8 standing on a direct loan authorized under this
9 subsection.”.

10 (b) SUNSET.—Effective on the date that is 4 years
11 after the date of enactment of this Act, section 7(b) of
12 the Small Business Act (15 U.S.C. 636(b)) is amended—

13 (1) by striking paragraph (17); and

14 (2) by redesignating paragraph (18) as para-
15 graph (17).

16 (c) REPORT.—Not later than 1 year after the date
17 of enactment of this Act, in the event that the Adminis-
18 trator exercises the authority described in paragraph
19 (17)(B) of section 7(b) of the Small Business Act (15
20 U.S.C. 636(b)), as added by subsection (a), the Comp-
21 troller General of the United States shall submit to the
22 appropriate committees of Congress a report assessing the
23 actual and potential impact of the amendments made by
24 subsection (a) during the period covered by the report.

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

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

6 (1) the average weekly rate at which the Ad-
7 ministration obligates the unobligated balance of
8 amounts available for the cost of SBA disaster
9 loans;

10 (2) the average amount, during the periods be-
11 ginning on October 1, 2015, and ending on July 31,
12 2023, and beginning on July 31, 2023, and ending
13 on the date of enactment of this Act, respectively,
14 disbursed to a borrower each week, during the initial
15 12-week period in which a borrower receives
16 amounts from an SBA disaster loan, beginning the
17 day after the borrower accepts their loan, separated
18 by home SBA disaster loan borrowers, business SBA
19 disaster loan borrowers, and economic injury dis-
20 aster loan borrowers; and

21 (3) the average amount of fully disbursed SBA
22 disaster loans, originated during the period begin-
23 ning on July 31, 2023, and ending on the date of
24 enactment of this Act, with separate averages for
25 SBA disaster loans delineated by home, business,
26 and economic injury disaster loans.

1 (b) RESPONSE.—Not later than 90 days after the
2 date on which the Comptroller General of the United
3 States submits the report under subsection (a), the Ad-
4 ministrator shall submit to the appropriate committees of
5 Congress a response to the report, including an implemen-
6 tation plan for any recommendations in the report.

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

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

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

14 (2) the final rule entitled “Disaster Assistance
15 Loan Program Changes to Unsecured Loan
16 Amounts and Credit Elsewhere Criteria” (89 Fed.
17 Reg. 59826 (July 24, 2024); RIN 3245–AI08).

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

22 (1) the cost (as defined in section 502 of the
23 Federal Credit Reform Act of 1990 (2 U.S.C.
24 661a)) of the increase in the home loan lending lim-
25 its for, the extension of the deferment period for, the

1 expansion of mitigation options for, the modifica-
2 tions to the criteria for determining whether appli-
3 cants can obtain credit elsewhere with respect to, the
4 changes to collateral requirements for, and other
5 changes to the terms and conditions of loans under
6 section 7(b)(1) of the Small Business Act (15 U.S.C.
7 636(b)(1)) made by the covered final rules; and

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

10 **SEC. 9. SBA INSPECTOR GENERAL REVIEW.**

11 (a) DEFINITIONS.—In this section—

12 (1) the term “covered amounts” means
13 amounts made available for the cost of direct loans
14 authorized by section 7(b) of the Small Business Act
15 (15 U.S.C. 636(b)); and

16 (2) the term “Inspector General” means the In-
17 spector General of the Administration.

18 (b) REVIEW.—

19 (1) IN GENERAL.—The Inspector General shall
20 conduct a review of the circumstances surrounding
21 the funding shortfall with respect to covered
22 amounts, as described in—

23 (A) the letter from President Joseph R.
24 Biden, Jr. entitled “Letter to Congress on Dis-
25 aster Needs”, dated October 4, 2024; and

1 (B) the letter from the Administrator sub-
2 mitted to the Chair and Ranking Members of
3 the Committees on Appropriations of the Sen-
4 ate and the House of Representatives, dated
5 October 10, 2024.

6 (2) CONTENTS.—The review required under
7 paragraph (1) shall include the following with re-
8 spect to the funding shortfall described in that para-
9 graph:

10 (A) The identification of any report or no-
11 tification required by statute that the Adminis-
12 tration failed to provide to Congress with re-
13 spect to the funding shortfall.

14 (B) The reason for any obligation or ex-
15 penditure of covered amounts for a purpose
16 that significantly diverged from the purpose for
17 which the covered amounts were made available.

18 (C) An analysis of the accuracy of projec-
19 tions and estimates relevant to the divergences
20 described in subparagraph (B).

21 (D) The identification and description of
22 any internal controls in place to manage cov-
23 ered amounts.

24 (E) An analysis of the impact that any re-
25 organization of the Administration, including

1 the transfer of administrative authority for the
2 program carried out under section 7(b) of the
3 Small Business Act (15 U.S.C. 636(b)) to the
4 Office of Capital Access of the Administration,
5 may have had with respect to the funding
6 shortfall.

7 (F) The identification of actions that the
8 Administration can take to—

9 (i) improve the accuracy of informa-
10 tion submitted by the President under sec-
11 tion 1105(a) of title 31, United States
12 Code, with respect to the Administration;

13 (ii) prevent any future funding short-
14 fall with respect to any account of the Ad-
15 ministration; and

16 (iii) improve the reports submitted to
17 the appropriate committees of Congress
18 under section 12091(a) of the Small Busi-
19 ness Disaster Response and Loan Improve-
20 ments Act of 2008 (15 U.S.C. 636k(a)).

21 (G) Any other matter determined relevant
22 by the Inspector General.

23 (c) REPORT.—Not later than 180 days after the date
24 of enactment of this Act, the Inspector General shall sub-
25 mit to the appropriate committees of Congress a report

1 that contains the findings of the review carried out under
2 subsection (b).

3 **SEC. 10. BUDGET AND FORECASTING REPORT REGARDING**
4 **THE COST OF DIRECT DISASTER LOANS.**

5 (a) BUDGET FORMULATION AND FORECASTING.—
6 Not later than 30 days after the date of enactment of this
7 Act, the Administrator shall submit to the appropriate
8 committees of Congress a report detailing corrections the
9 Administration will make to improve forecasting, data
10 quality, and budget assumptions relating to budget sub-
11 missions relating to amounts made available for the cost
12 of SBA disaster loans.

13 (b) UPDATES.—Not later than 90 days after the date
14 of enactment of this Act, and every 90 days thereafter
15 until the date that is 90 days after the date on which all
16 the corrections described in subsection (a) have been im-
17 plemented, the Administrator shall submit to the appro-
18 priate committees of Congress a report—

19 (1) detailing the actions the Administration has
20 taken to implement the corrections described in sub-
21 section (a); and

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

○