

119<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4238

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## 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 dis-  
4 aster loan borrowers; and

5 (3) the average amount of fully disbursed SBA  
6 disaster loans, originated during the period begin-  
7 ning on July 31, 2023, and ending on the date of  
8 enactment of this Act, with separate averages for  
9 SBA disaster loans delineated by home, business,  
10 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 Ad-  
14 ministrator shall submit to the appropriate committees of  
15 Congress a response to the report, including an implemen-  
16 tation 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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