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PRESS RELEASE 25-04

SBA Exhausts Funds for New Disaster Loans

Disaster Survivors in Need of Loans Should Continue to Apply While SBA Awaits Additional Funding

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WASHINGTON – Today, the SBA announced that it has exhausted funds for its disaster loan program after warnings that funding would soon run out following increased demand from Hurricane Helene. Until Congress appropriates additional funds, the SBA is pausing new loan offers for its direct, low-interest, long-term loans to disaster survivors. However, SBA is encouraging individuals and small businesses to continue to apply for loans given assurances

from congressional leaders that additional funding will be provided upon Congress's return in November.

The SBA's loan application portal remains open, SBA's disaster centers and in-person staff remain deployed across the country, and the agency will continue to accept new applications and ready borrowers to get their disaster loan offers as soon as possible once Congress appropriates funds. Disaster survivors in need of an SBA loan for personal belongings, residential property damage, and business damage and disruption should not wait to apply. Disaster survivors should start the application process immediately, regardless of SBA funding availability, so that our disaster teams can take them through the application process and position eligible applicants to receive offers and funds.

"We know that swift financial relief can help communities recover quickly to stabilize local economies," **said Administrator Isabel Casillas Guzman**. "While we await Congress to provide much-needed funding, we strongly encourage eligible businesses and households to apply for SBA disaster loans. SBA will continue to support homeowners, renters, businesses and nonprofits in processing their applications to ensure they receive assistance quickly once funds are replenished."

The SBA will continue loan processing operations including supporting current borrowers and new applicants.

- The SBA will accept and process new applications from all 173 disaster declarations that it is supporting and queue eligible applicants. Applications in this queue can receive loan offers after additional funding from Congress becomes available and will be processed in the order in which they were received. The SBA will issue declines for new applicants who do not meet eligibility or underwriting criteria for a loan and provide information on additional resources for support.
- SBA will also continue to support existing borrowers and applicants who have already received offers. So far, the SBA has seen around 37,000 applications for relief submitted from those impacted by Hurricane Helene alone. The SBA has already made over 700 Helene loan offers totaling about $48 million. For Hurricane Milton, SBA has already received over 12,000 applications. Importantly, despite this funding lapse, borrowers who already have a loan offer will continue to receive disbursements, and borrowers who already have existing loans may continue with servicing actions and loan modifications.
- The SBA may continue to make a small number of new loan offers during this time, as funds may be made available through loan cancellations and similar actions.

Following federally declared disasters, the SBA steps in immediately to provide financial relief to business owners, nonprofits, homeowners, and renters with long-term, low-interest loans. Studies have shown that the SBA's loan program is a crucial resource for small businesses and households recovering from disaster – whether it's used for debris removal, replacing a damaged car, or covering loss of revenue due to business disruption. SBA loans allow borrowers to avoid predatory bridge loans or using a credit card with high interest rates.

Provided Congress makes funds available, SBA can make disaster loans up to $500,000 to homeowners to repair or replace disaster-damaged or destroyed real estate. Homeowners and renters may be eligible for up to $100,000 to repair or replace disaster-damaged or destroyed personal property. Businesses may be eligible for loans up to $2 million for both physical damage and economic injury from business disruption.

Interest rates are as low as 4% for businesses, 3.25% for nonprofit organizations, and 2.813% for homeowners and renters, without credit elsewhere, and terms are up to 30 years. Interest does not begin to accrue until 12 months from the date of the first disaster loan disbursement, and monthly payments begin 12 months from the date of the initial disbursement. Loan amounts and terms are set by the SBA and are based on each applicant's financial condition.

Applicants may apply online and receive additional disaster assistance information at sba.gov/disaster. Applicants may also call SBA's Customer Service Center at (800) 659-2955 or email disastercustomerservice@sba.gov for more information on SBA disaster assistance. For people who are deaf, hard of hearing, or have a speech disability, please dial 7-1-1 to access telecommunications relay services. Individual survivors are also encouraged to visit disasterassistance.gov for resources including assistance from FEMA.

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About the U.S. Small Business Administration

The U.S. Small Business Administration helps power the American dream of business ownership. As the only go-to resource and voice for small businesses backed by the strength of the federal government, the SBA empowers entrepreneurs and small business owners with the resources and support they need to start, grow, or expand their businesses, or recover from a declared disaster. It delivers services through an extensive network of SBA field offices and partnerships with public and private organizations. To learn more, visit www.sba.gov.

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